New Mexico Legislative Finance Committee
Report to the Fifty-Sixth Legislature, First Session
Volume 1

LEGISLATING FOR RESULTS:
POLICY AND PERFORMANCE ANALYSIS

January 2023 for the 2024 Fiscal Year

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Honorable Members
Fifty-Sixth Legislature, First Session
State Capitol
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Dear Fellow Legislators:

Pursuant to Section 2-5-4 NMSA 1978, the fiscal year 2024 budget recommendation of the Legislative Finance Committee is provided to you.

In an extraordinary second year of record income, New Mexico is projected to have recurring general fund revenues of $11.994 billion in FY24 and nearly $3.6 billion in "new money," projected recurring revenue in excess of planned FY23 ongoing spending. The committee's spending plan includes a total of $9.44 billion in recurring spending from the general fund, a 12 percent increase over the budget for the current fiscal year. The recommendation includes $328 million for average pay raises of 5 percent for state and education employees, $80 million to backfill federal Medicaid spending, $109 million to expand prekindergarten, and a $263 million recurring and $261 million nonrecurring increase for public schools. Reserves would be 30 percent of planned spending, safely above the levels that served the state well during the plunge in income at the start of the pandemic and with room for additional recommendation for fund transfers and tax changes.

The committee's plan continues the state's commitment to public education with a total recommendation of $4.14 billion, or 6.8 percent more than the current year. The recommendation includes funding for a longer school year and increases for services aimed at students identified as at risk for failure, salaries, the educator pipeline, reading interventions, and implementation of the Indian, Bilingual Multicultural, and Hispanic education acts.

Appropriations for the Early Childhood Education and Care Department would increase by nearly 72 percent, or $140 million, with major new funding for prekindergarten, $8 million for Home Visiting supports for new families, and $22.6 million to replace federal cash assistance funds. The department would get additional funding from the early childhood trust fund and the new distribution from the land grant permanent fund.

Other priorities in the budget include the opportunity scholarship, Medicaid rates for healthcare providers, behavioral healthcare for children, and targeted salary increases for university faculty, judicial agency staffs, child protective services workers, forensic scientists, and public school principals in addition to the 5 percent average salary increase for all public employees. In addition to recurring spending, the committee proposal includes $1.145 billion spending for special projects, roads, and information technology.

I would like to thank the membership of the Legislative Finance Committee for their hard work on behalf of the people of New Mexico and the LFC staff for its thoughtfulness and diligence on this very difficult task. Together, we have prepared a responsible budget that invests in the people of New Mexico.

Sincerely,

Representative Patricia "Patty" Lundstrom
Chairwoman

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LEGISLATIVE FINANCE COMMITTEE
TO THE
FIFTY-SIXTH LEGISLATURE, FIRST SESSION

VOLUME I
LEGISLATING FOR RESULTS: POLICY AND PERFORMANCE ANALYSIS

JANUARY 2023
FOR
FISCAL YEAR 2024

REPRESENTATIVE PATRICIA LUNDSTROM
CHAIRWOMAN

SENATOR GEORGE MUÑOZ
VICE CHAIRMAN

DAVID ABBEY
DIRECTOR

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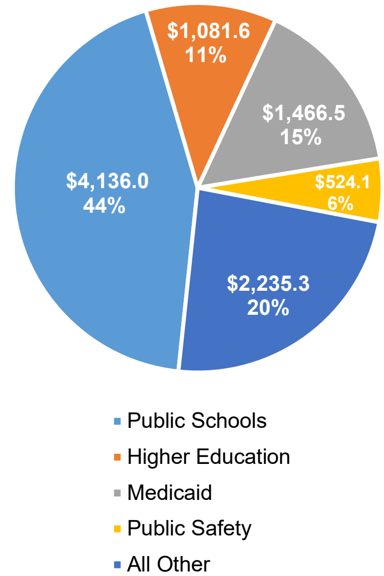
An extraordinary year for state finances is turning into two, with a continuing oil boom and a strong economy contributing to revenue levels in FY24 that will surpass the records set in FY23. New Mexico emerged from the first pandemic year in a strong financial position and with solid reserves in place, allowing the Legislature to invest the FY23 windfall in initiatives intended to improve outcomes for New Mexicans. The 2024 fiscal year looks to be another transformative year. The Legislative Finance Committee recommendation for the FY24 state budget prioritizes investments in early childhood programs with proven success, flexible education initiatives that produce results for New Mexico students, significant Medicaid provider rate increases, behavioral health services for children in state care and, and expansions in the judiciary agencies and realignment of public safety dollars to build on prevention and intervention. Because state agencies continue to struggle with hiring, the recommendation also includes across-the-board salary increases for state and education employees and targeted increases for workers in child welfare, public safety, and other high priority areas.

FY24 Recurring General Fund Recommendation



Note: Public Schools include Public PreK
Source: LFC files.

In recognition that New Mexico's roller-coaster economy continues to rely heavily on the volatile energy industry, the recommendation includes substantial efforts to turn the financial boom of FY24 into long-term returns, with continued efforts to create and grow endowments and establish multi-year appropriations. The recommendation leaves room for tax reform and relief and sets a reserve target of 30 percent, the level that served the state well at the onset of the pandemic.

Budget Development and Priorities

Budget Development

LFC Online: Understanding Government Finances

Finance Facts: Consensus Revenue Estimate

Developing a budget for the next fiscal year is challenging due to enormous strength in revenues in the current and future years and uncertainty due to volatile energy markets. For FY24, recurring general fund revenues are expected to grow to $11.994 billion. "New money," or projected recurring revenue for the coming fiscal year less current year recurring appropriations, is estimated at $3.591 billion for FY24, or 42.7 percent growth from the FY23 operating budget. Recurring revenues for FY22 were $9.675 billion, up $1.59 billion, or 19.7 percent, from FY21. In addition, estimated recurring revenues for FY23 are $10.775 billion, up $928 million from the August estimate.

Revenue strength is the result of sustained high inflation, raising expectations for gross receipts tax and income tax collections. Additionally, consumer spending has remained strong, wage growth has been robust, and high oil and gas revenues are supported by global supply-side constraints raising prices and encouraging production expansion. Oil and gas revenue strength is pushing severance tax and federal royalty collections higher than their five-year averages, resulting in larger transfers to the early childhood trust fund than was expected and boosting the amount reaching the general fund.

LFC Online: Understanding Government Finances

Finance Facts: The General Fund

The December 2022 revenue estimates on reserve levels show ending reserve balances for FY22 are estimated at $3.68 billion, or 49.3 percent of recurring appropriations; FY23 ending reserve balances are estimated at $5.22 billion, or 62.2 percent, prior to any legislative action in the 2023 session. These large surpluses allow for another year of unprecedented spending on nonrecurring appropriations and transfers to other funds for future spending.

Priorities

The recommendation provides opportunities for strategic growth in programs aimed at improving outcomes in key priority areas, including public education, health and human services, child welfare, and natural resources. Aside from backfilling temporary federal relief funds for Medicaid, the recommendation provides significant increases for provider rates to shore up the state's health system. In addition to prioritizing performance and outcomes, the committee's approach for budget development recognized agency workload, addressed waiting lists, funded vacant positions, and used other state and federal funding. Priorities for use of one-time funding include major investment transportation projects, economic development, higher education, quality of life and natural resource projects, and investments to leverage new federal funding opportunities. The recommendation also "pre-funds" future years' spending needs through a variety of endowment transfers.

Recommendation

Agencies requested $9.38 billion from the general fund for recurring spending. The LFC recommendation for FY24 is $9.44 billion, up $1.04 billion, or 12 percent, from FY23 appropriations and includes a 5 percent compensation package for public schools, higher education and state agencies. The recommendation also includes $80 million to backfill Medicaid appropriations not needed in FY23 due to continued enhanced federal funding and $234 million from a voter-approved increase in the distribution of land grant permanent fund revenue for public school reform and early childhood education.

Early Childhood

Early Childhood Education and Care Department. The LFC recommendation increases general fund appropriations for FY24 by $140 million, or nearly 72 percent, including $109.4 million for prekindergarten to expand services, $8 million for Home Visiting supports for new families, and $22.6 million to replace federal Temporary Assistance of Needy Families (TANF) funding. The committee recommendation continues federal TANF grant transfer for Childcare Assistance subsidies. The LFC recommendation from the early care and education trust fund includes $12 million for children's physical and behavioral health support through Medicaid, $3 million for school-based health centers, and $1 million for a child abuse and neglect prevention Safe Care unit at the Children, Youth and

Families Department (CYFD). Additionally, the recommendation increases the distribution from the fund to $100 million in FY24 to support the department's funding request and increase childcare assistance funding by $42 million.In total, the FY24 recommendation for ECECD is $617.5 million, of which $335.6 million is from the general fund.

Children, Youth and Families Department. The LFC recommendation, a 10 percent increase in general fund, federal Temporary Assistance for Needy Families, and early childhood trust fund revenue, seeks to improve child outcomes by aligning the department's budget with national child welfare best practices and trends that prioritize evidence-based strategies for maximizing family unity and preventing the use of foster care to when its appropriate, consistent with needed improvements in response to the Kevin S. lawsuit settlement. LFC also supports much of the request in the Protective Services Program for salary adjustments and to fill vacancies. The committee recommendation leverages more federal revenue than requested by the agency by transferring $12 million from the early childhood trust fund to Medicaid for a $41.8 million federal match for children's physical and behavioral health.

Education

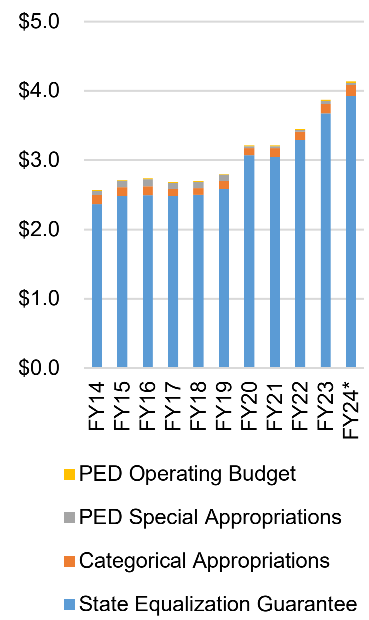
Public Education. The committee's recommendation for recurring general fund appropriations for public education totals $4.14 billion, a $263.3 million, or 6.8 percent, increase from FY23 levels. The recommendation further includes $261 million in nonrecurring, education-related appropriations from the public education reform fund to address issues highlighted in the Martinez and Yazzie education sufficiency lawsuit.

Most of the public education funding recommendation is attributable to the formula-based state equalization guarantee distribution to school districts and charter schools, which totals $3.92 billion, a $247 million or 6.7 percent, increase from the prior year. The state continues to struggle with worsening student achievement from pandemic-related disruptions and court findings in the *Martinez-Yazzie* lawsuit that students lack access to evidence-based interventions, such as extended learning time programs. The committee recommendation expands flexibility for calendar reform and instructional time. The recommendation creates a new K-12 Plus formula factor to help schools build incremental days into the calendar and raises instructional time requirements to 1,140 hours—the equivalent of 190 days of instruction.

To further address findings in the *Martinez-Yazzie* lawsuit relating to quality educators and responsive instruction, the recommendation increases appropriations for at-risk students, school personnel salaries, school leader pay, instructional materials, transportation, educator pipeline initiatives, reading interventions, and implementation of the Indian, Bilingual Multicultural, and Hispanic education acts.

Higher Education. The Legislature recognizes the importance of higher education to the health and prosperity of New Mexicans and prioritized funding increases to higher education institutions despite significant enrollment declines over the past decade. For FY24, the committee recommendation provides a 1 percent increase to the funding formula and an additional 2 percent in nonformula instruction and general funding increases for pension contribution increases, special faculty compensation, and student support services. An additional $16.7 million is included for research and public service projects, with over half of this

Public Education General Fund History
(in billions)



*LFC Recommendation

Source: LFC Files

LFC Online: Understanding Government Finances

Finance Facts: General Appropriation Act

For more info:

General Fund Recommendation Summary Page 178

amount targeted to healthcare practitioner training and $6.9 million specifically to backfill nonrecurring appropriations made to expand the number of nursing school students statewide. Due to the large potential cost of the opportunity scholarship, the recommendation adds $10 million in recurring funding with the balance from a special appropriation. The overall recommendation increases higher education appropriations by $56.4 million, or 5.5 percent.

The recommendation addresses concerns raised during interim committee hearings. A number of institutions noted the need for enhanced student support services to address student needs for mental health services, academic support, and tailored advisement. The recommendation includes $2.5 million for these services. Additionally, $7 million is included to provide additional faculty salary increases. New Mexico two-year faculty are paid 20 percent less than the national average and four-year faculty are 16 percent under the national average. Lastly, LFC recommends including $7.7 million to pay employer pension contribution increases taking effect in FY24.

Human Services

Human Services Department. LFC recommends $10.524 billion from all revenue sources, a $1.35 billion, or 14.7 percent, increase over the FY23 adjusted operating budget, and includes an additional $269 million from the general fund, an increase of 20 percent. LFC recommends a $257.5 million increase in general fund support for the state's Medicaid Program in FY24, a 21.7 percent increase over the operating budget. The LFC Medicaid recommendation uses revenue from the general fund to replace federal funds increased during the public health emergency and slated to wind down in FY24 with enrollment projected to slowly decline. In an effort to ensure access to healthcare, LFC recommends $76.4 million from the general fund and $7.7 million from the early childhood trust fund for Medicaid and Medicaid behavioral health rate increases for providers, rural hospitals, hospitals, and nursing facilities to bring rates up to 100 percent of Medicare rates or greater.

LFC Online: Understanding Government Finances

Finance Facts: General Fund Reserves

Behavioral Health. HSD requested and the committee recommends a $19.9 million general fund increase over FY23 for the Medicaid Behavioral Health Program. LFC also recommends a general fund increase of $7.1 million and $498 thousand from the early childhood trust fund to raise provider rates to 120 percent of Medicare rates.

The Behavioral Health Services Program's FY24 budget request was $89.8 million from all sources, with a general fund request of $60.7 million, an increase of $8.2 million, or 15.5 percent, above FY23. LFC recommends $87.7 million, including increasing general fund support by $6.1 million, or 11.6 percent. LFC recommends general fund support that includes $3.8 million for the 988 Crisis Now mobile crisis units in addition to $1.4 million in a special appropriation, for a total of $5.2 million. The recommendation also includes $1.2 million for non-Medicaid-eligible behavioral health provider rate increases, $140 thousand for the NMConnect app, and an additional $1 million for the Linkages housing program.

Health

Department of Health. The department's $393 million FY24 request for general fund revenue was an 11 percent increase above the FY23 operating budget. The request assumed significant decreases in federal revenues in the Epidemiology and

Response Program, resulting in large decreases for others costs and contractual services. The LFC general fund recommendation is $379 million, an increase of $25.8 million that includes $10.2 million for developmental disabilities waiver provider rate increases, $3.8 million for alcohol misuse and medication assisted treatment, $2 million for family planning, $3.5 million for personnel and compensation in state facilities, $901 thousand for administrative oversight, and $2.4 million for personnel in the Health Certification, Licensing, and Oversight Program. The LFC recommendation also increases other transfers from the early care and education trust fund of $3 million in the Public Health Program for school-based health centers contingent on legislation expanding distributions from the fund.

Judiciary

The LFC recommends a general fund increase for judicial branch agencies of $12 million, or 5.8 percent, compared with the FY23 operating budget. For district courts and the Bernalillo County Metropolitan Court, the recommendation includes a general fund increase of $11.6 million, or 7.7 percent, compared with the FY23 operating budget. The recommendation includes $1.5 million for 8 percent additional salary increases for judges to increase recruiting competitiveness and $1.7 million for other targeted compensation increases to reduce vacancies where staff turnover is particularly costly. Both staff and judge compensation increases are in addition to statewide compensation increases. The recommendation also includes $1.6 million to centralize judicial training within the Administrative Office of the Courts and to increase the training budget by 128 percent.

LFC recommends a general fund increase for statewide district attorneys of $4.9 million, or 5.4 percent, over the FY23 operating budgets. The recommendation includes a 2 percent targeted salary increase for all attorneys and staff and an average 3.6 percent base budget increase, which fully funds 10 statewide positions where federal funds are lapsing with general fund revenue. The LFC recommends a general fund increase for the public defender department of $4.3 million, or 6.9 percent, over the FY23 operating budget. The recommendation includes a 2 percent additional targeted salary increase for all attorneys and staff and a $1.9 million increase for contract attorney compensation increases. The recommendation also includes $748 thousand to expand core staff by four and increase attorneys by four, both of which are recommended to begin implementing recommendations of the department's 2022 workload study.

Public Safety

Department of Public Safety. The committee recommends $194.5 million in total revenue for the Department of Public Safety, a $14.5 million, or 8 percent, increase compared with its FY23 operating budget. The committee's recommendation for general fund revenue of $159.2 million represents a $9.1 million, or 6 percent, increase. The recommendation includes $2.1 million for state police officer pay and $1.8 million for targeted compensation increases for other key positions, including substantial increases for emergency dispatchers. The LFC recommendation also provides $2.3 million and 18 FTE to support the new entities responsible for law enforcement training and oversight, the Law Enforcement Standards and Training Council and the Law Enforcement Certification Board.

Corrections Department. The department (NMCD) recommendation is $371.1 million, an increase of $5.3 million, or 1.5 percent, compared with its FY23 operating budget. The entirety of the increase is from the general fund, for a total general fund recommendation of $340.7 million, 1.6 percent higher than FY23. The recommendation recognizes chronically vacant correctional officer positions are not necessary in light of substantial reductions in inmate population by reducing the agency's authorized correctional officer positions and redistributing vacancy savings elsewhere in the budget. Along with reallocated vacancy savings, the committee recommendation provides an additional $3.1 million from the general fund and funds raises for correctional officers, increases in evidence- and research-based recidivism reduction programming, and supportive housing for released offenders.

Criminal Justice Reform. The committee's recommendations for NMCD and DPS support initiatives aimed at achieving criminal justice reform through recidivism reduction and police officer training and accountability. In addition to funding additional reentry programming, the recommendation also provides $500 thousand to expand supportive housing initiatives for offenders reentering the community. Within DPS, the committee's recommendation supports initiatives undertaken during the 2022 legislative session to reform the systems of police training and oversight, including providing a $2.1 million budget for the new Law Enforcement Certification Board. Policy changes, such as reducing incarceration for nonviolent crimes and limiting the circumstances under which an offender's parole may be revoked, could significantly reduce recidivism as well as costs.

Compensation

State agencies report continued difficulty in attracting and retaining a highly qualified public workforce. The LFC recommendation includes a total of $331.2 million in general fund revenue for public employee compensation, sufficient for an average 5 percent increase in employee pay. This amount includes $217 million for public schools, $57.1 million for state agencies, and $54.2 million for higher education institutions. In addition to these amounts, many agency recommendations include additional funding for targeted pay increases, particularly in public safety, child welfare, and other high-priority areas.

The recommendation includes funding to cover the employer share of a 10 percent medical insurance premium increase for employees covered under the General Services Department to address the funding shortfall in that program. For FY22, premium revenue fell short of expenses by $72.8 million, necessitating a large increase after years of rates that failed to keep up with medical costs. In addition to revenue increase, the department will need to consider cost-containment strategies to ensure the program is sustainable into the future.

Pensions. Recent legislative reforms to the state pension systems have significantly improved the sustainability of the funds, even with the challenging market environment faced by fund investment managers. Legislation passed in previous sessions will increase employer contribution rates for both the Educational Retirement Board and the Public Employees Retirement Association. The LFC recommendation includes funding for public schools and higher education institutions to make larger contributions to the fund, and contribution rate increases for state agencies were included in agency operating budgets.

Roads

The New Mexico Department of Transportation (NMDOT), mainly funded with state road fund revenues for highway maintenance and federal funds for road construction, has faced budget pressures for years as federal revenue stagnated and road fund growth did not keep pace with cost increases. Some of these pressures have been alleviated by passage of the federal Infrastructure Investment and Jobs Act, which increased federal formula funding available to NMDOT by $100 million, but inflation-related cost increases have caused road projects to balloon in cost, with some projects nearly doubling. The LFC recommendation includes the additional federal formula funding, as well as additional road fund balance to match the newly available federal funds. The additional funding will be directed to roadway improvements of the existing transportation network. The recommendation also includes $197 million in general fund revenue for special transportation appropriations for NMDOT to make major investments in the state's transportation network.

For more info:
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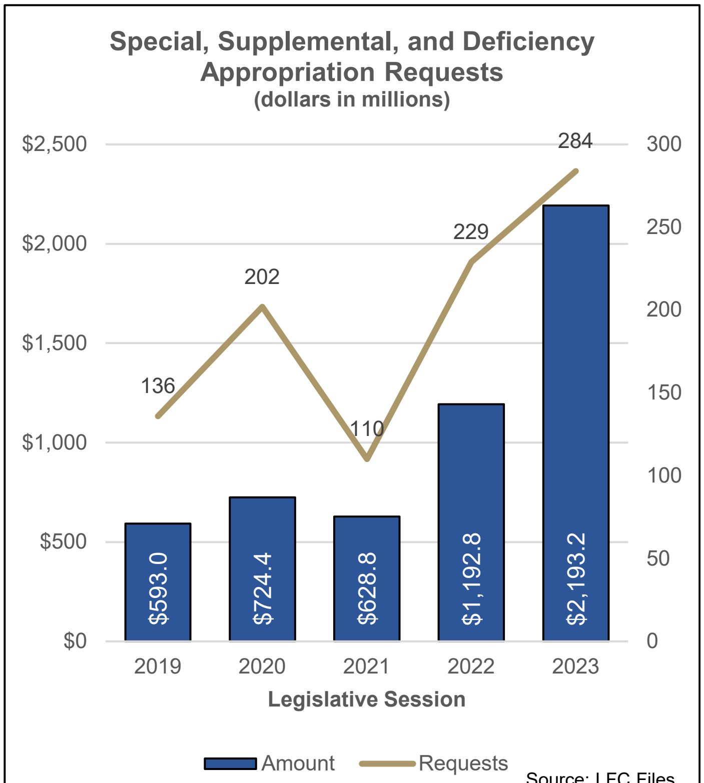
Deficiency, Special, and Supplemental Appropriations

During the interim, the committee created several subcommittees and working groups to consider state agency needs and prioritize investments into programs to improve agency performance. Recommendations of these subcommittees and working groups were the criteria in building the LFC recommendation for special, supplemental, and deficiency appropriations. The recommendation prioritizes requests for one-time expenses or pilots and provides increased scrutiny of requests for recurring costs and unspent amounts for requested extensions in time to spend appropriations.

The recommendation for special, supplemental, and deficiency appropriations totals $1.145 billion, of which $922 million is from the general fund. Several large special appropriation recommendations are contingent on legislation setting up new endowment funds to provide sustainable funding into the future. Other investments include $139.5 million for water and natural resources programs, $15 million to create a new central infrastructure office to improve the state's capital outlay process, $40 million for local government recreation centers, $50 million for tribal projects, and $65.5 million for broadband and cybersecurity programs. Although higher education institutions have typically not requested direct special appropriations, institutions made a large number of requests for FY24.



Source: LFC Files

The recommendation includes investments in New Mexico's workforce, with $6 million to create judicial clerkships and build capacity for district attorneys and public defenders, $20 million to support those seeking graduate degrees in social work, $10 million for graduate-level nursing programs at higher education institutions, $5 million to support graduate-level science, technology, engineering, math, and healthcare degrees, and $60 million for the opportunity scholarship program.

The recommendation also includes $96 million in supplemental and deficiency appropriations to the

General Services Department for shortfalls in employee benefits funds, contingent on matching funds from local governments and higher education institutions that participate in these benefits programs.

Fund Transfers and Reserves. The recommendation also contains fund transfers intended for future spending, including $1 billion to the severance tax permanent fund, which has had greatly diminished revenue because funding has been diverted to invest in public school capital outlay over the past 20 years. Other fund transfers include $72 million to the tobacco settlement permanent fund intended to boost future year spending on a range of tobacco cessation and other services. Further, the recommendation includes a set aside of $300 million for the full Legislature to consider other permanent fund options, either new or existing, to turn "today's dollars into tomorrow's dollars," in recognition the extraordinary growth in revenue is due to nonrecurring extractive industries and future revenue streams will need to be more diverse. The recommendation also sets aside another $500 million for additional permanent funds or other spending items. To clarify the state's balance sheet, the recommendation moves the tobacco funds out of general fund reserves because accounting for the funds in the reserve artificially inflates the safety net used during an economic downturn or volatility in energy revenue.

Information Technology. The LFC recommendation for IT funding totals $183.9 million from all funding sources for 25 projects. The recommendation includes $63.6 million in general fund revenues, $39.3 million in other state funds (which includes $3 million in other transfers from the Human Services Department to the Children, Youth and Families Department), and $81.1 million in federal funds. Included in the recommendation is $7.4 million in general fund revenues for the Human Services Department to continue the Medicaid management information system replacement project, with an associated federal funding match of $67.5 million pending federal approval; $18 million for the Children, Youth and Families Department's comprehensive child welfare project, with an associated federal match of $11 million; and $13 million for the Department of Public Safety to implement a Criminal Justice Information System modernization.

In addition to new requested funding amounts, a total of 12 agencies submitted 38 requests to reauthorize prior-year appropriations through FY24. Originally, those appropriations totaled $283.4 million and reported balances requested to be reauthorized total $146.4 million, or roughly 52 percent.

Tax Changes

The recommendation sets aside $1 billion for changes to the tax code. Potential options studied during the interim included reductions to the gross receipts tax rate, which has been shown to inhibit business growth, and smoothing out personal income tax brackets for middle-income earners.

Capital Outlay and Infrastructure

Capital outlay requests from state agencies, judicial entities, higher education institutions, and special schools totaled more than $1 billion. Funding for capital infrastructure presents two key challenges: $3.5 billion in unspent appropriations for 4,100 projects and challenges to project funding and timelines driven by construction inflation and supply constraints.

The LFC capital outlay framework for consideration by the full Legislature includes approximately $399.2 million authorized from the general fund and $138.6 million from other state funds. Given the state's strong financial position, the recommendation does not assume issuing more debt, except for the normal earmarks of severance tax bonds.

Major state agency projects in the framework include $68 million for a new forensics unit at the Behavioral Health Institute in Las Vegas, $26 million for public safety radio communication infrastructure statewide, $30 million to the Office of the State Engineer to promote settlement of Texas v. New Mexico and to support aquifer recovery on the Lower Rio Grande, and $10 million for the MainStreet capital outlay program administered by the Economic Development Department. The general fund framework also includes $26 million for statewide senior center projects and emergency needs and $88.4 million for higher education projects, including $27.3 million in supplementary funding for previously funded higher education projects experiencing cost escalations. The largest of those projects is the new Trades and Applied Technologies building at Central New Mexico Community College.

Evidence- and Research Based Funding Requests Act

In 2019, Chapter 23, Section 4, (Senate Bill 58) was enacted to amend the Accountability in Government Act to bring more information on funding of programs with rigorous evidence of effectiveness into the state's performance-based budgeting process. As a result of the law, state statute now also provides definitions of evidence-based, research-based, and promising programs. For the FY24 budget-making process, LFC and the Department of Finance and Administration designated four programs across three agencies to collect and report on initiatives being implemented to assess to what degree programs are using evidence-based approaches. Some agencies have shifted to using programs that work, such as the Corrections Department requiring contractors to only use evidence-based programming for behavioral health services. According to the department, currently all programmatic funding for Community Offender Management and Reentry and Inmate Management and Control divisions within the Corrections Department goes to programs that are evidence- or research-based. IN FY23, the Children, Youth and Families Department elminated its Youth Support Services program, which was not evidence-based, in part due to the program inventory process. BHSD is also strengthening their tracking of use of evidenced-based programming from contractors for services such as psychotherapy.

In addition to evidence-based programming identified through program inventories, the LFC recommendation includes significant expansion of evidence-based programming. The LFC recommendation includes over $200 million in FY24 potential expansion funds to invest in evidence-based and promising interventions. This includes $110 million to expand instructional time at in K-12 education; and over $100 million to expand prekindergarten for 3- and 4-year-olds (which has been found to have a $6 to $1 return on investment by LFC research). The LFC recommendation also includes continued funding for existing evidenced-based and promising programs, including home-visiting services to new families, recidivism reduction, and pathways to respond to child maltreatment.

Economic and Revenue Forecast

For more info:

General Fund Consensus Revenue Estimate
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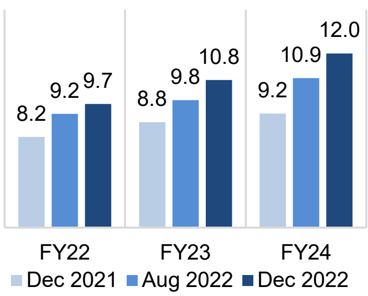
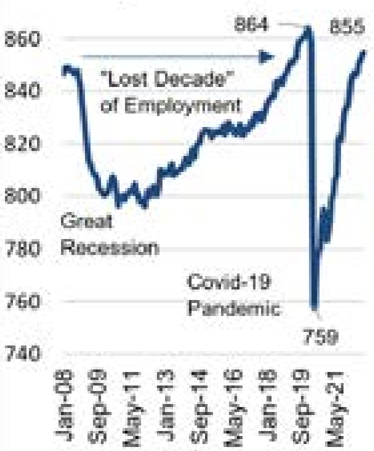
Consensus General Fund Recurring Revenue Estimates
(in billions)



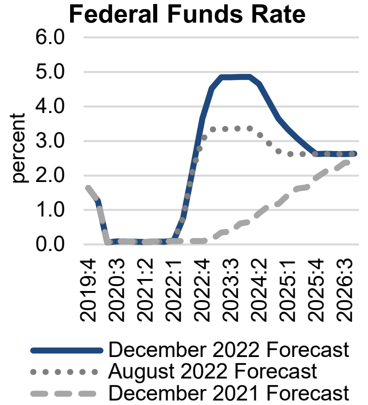
Source: Consensus Revenue

New Mexico Total Nonfarm Employment
(in thousands)



Source: Bureau of Labor Statistics

Federal Funds Rate



Source: IHS Markit Forecasts

Bolstered by high oil- and gas-related revenues, growing incomes, strong consumer spending, and inflation, New Mexico is experiencing record-high revenues across all major revenue streams. FY22 and early FY23 receipts came in higher than expected and boosted revenue estimates for subsequent years. But the global economy may be on the brink of a recession, creating significant uncertainty and downside risk to revenues.

Recurring revenues for FY22 were $9.675 billion, up $1.59 billion, or 19.7 percent, from FY21. Revenue strength is the result of sustained high inflation raising expectations for gross receipts tax and income tax collections. Additionally, consumer spending has remained strong, wage growth has been robust, and high oil and gas revenues are supported by global supply-side constraints raising prices and encouraging production expansion. Gross receipts taxes are also soaring due to sustained oil and gas investments in the Permian Basin and increased prices for mining services. Finally, oil and gas revenue strength is pushing severance tax and federal royalty collections high above their five-year averages, resulting in large transfers to the early childhood trust fund and boosting the amount reaching the general fund throughout the forecast horizon.

Including federal stimulus funds of $1.069 billion and nonrecurring legislative expenditures of $902.9 million, FY22 total revenues are estimated to be $1.16 billion more than FY22 appropriations. General fund revenues, outside stimulus funds in the federal American Rescue Plan Act, exceeded general fund appropriations by $706.5 million, which will be transferred to the operating reserve and the tax stabilization reserve fund. FY23 ending reserve balances are estimated at $5.22 billion, or 62.2 percent, prior to any legislative action in the 2023 session. Because reserves are expected to exceed 25 percent of recurring appropriations in FY23, $3.17 billion in excess oil and gas school tax collections and federal mineral leasing royalty payments above the five-year average are expected to flow into the early childhood trust fund.

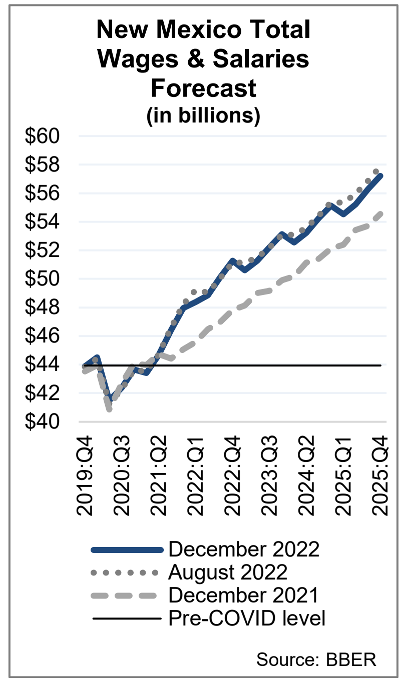
FY24 recurring revenues are estimated at $11.994 billion. "New money," or projected recurring revenue for the coming fiscal year less current year recurring appropriations, is estimated at $3.591 billion for FY24, or 42.7 percent growth from the FY23 recurring budget.

Economic Forecast

U.S. Economy

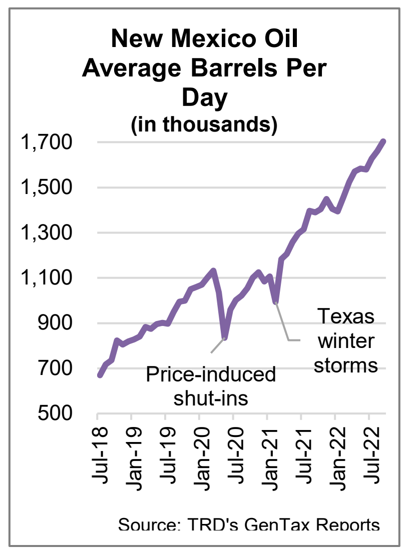
The future of the U.S. economy is uncertain. Real gross domestic product (GDP) grew 4 percent year-over-year in FY22 but shrunk 1.6 percent and 0.6 percent in the third and fourth quarters of FY22, marking the economy's first consecutive quarters of real contraction since the pandemic. While two consecutive quarters of GDP contraction traditionally indicate a recession, other strong economic indicators, such as job growth, unemployment, and net exports, suggest ambiguity in the current economic situation. However, the risks of a recession are growing. National forecasters expect GDP growth at 0.4 percent through FY23 and FY24 as inflation erodes consumer spending, government support recedes to normal levels, high interest rates stifle borrowing, and the economy reaches full employment.

Inflation surged worldwide as demand recovered faster than could be accommodated by the supply of commodities and labor, disrupted first by the pandemic and, now, by the war in Ukraine and China's suppressed production. In addition, rents have accelerated in lagged response to soaring housing prices. Forecasters expect these pressures to moderate as supplies improve, workers return to the labor force, and housing prices cool. The forecast also expects tightening monetary policy to push the U.S. unemployment rate to 5.7 percent by late 2023, reversing the direction of inflation through labor markets.



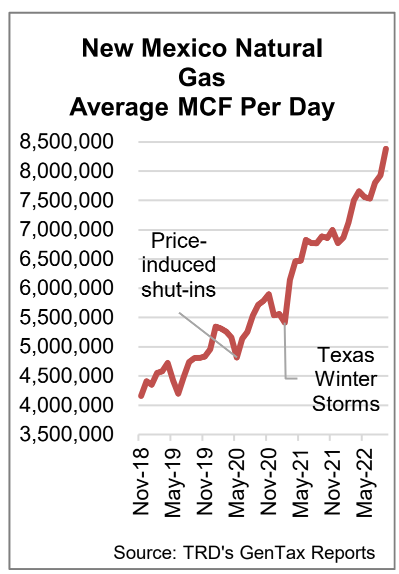
New Mexico Economy

The state's economic outlook is similarly tied to inflation, monetary policy, and other broader economic mechanisms. After reaching the last employment peak in January 2020, employment contracted by 12.3 percent during the pandemic. In that period, leisure and hospitality experienced the largest losses of any industry, and while strong gains were made, the sector is still 2.5 percent below 2019 figures. Retail and wholesale trade, other hard-hit industries, are experiencing divergent recoveries. Retail trade has recovered all its lost jobs while wholesale trade is still 6.5 percent below prior levels. Local government, mining, and accommodations are also still lagging far behind prepandemic levels. By October 2022, data from the U.S. Bureau of Labor Statistics indicates total employment is down 9.2 thousand jobs, or just over 1 percent, from the prepandemic peak.



New Mexico's labor force participation rate is 56.1 percent, significantly lower than the national rate of 62.1 percent and 2.6 percent below prepandemic levels. The participation rate is projected to expand 0.9 percent in 2023, 0.4 percent in 2024 and 2025, and then average growth of about 0.5 percent per year.

While employment has a longer road to recovery, total wages and salaries in New Mexico reached prepandemic levels in the last quarter of 2020. Total personal income growth in New Mexico reached record heights during the pandemic. Driven by inflationary pressures and a competitive labor market, expansion continued in FY21 with all components of income, including transfer payments, wages, and business income, contributing to a 7.5 percent growth. With the end of large federal transfer payments, New Mexicans' total personal income slowed to only 1.8 percent annual growth in FY22 even though wages and salaries grew by 10 percent. Personal income is expected to return to an average growth rate of about 4.4 percent starting in FY24. Meanwhile, wages and salaries will continue to see steady average growth of 3.7 percent in FY24 through FY27 after an expected 6.1 percent growth in FY23.



Energy Markets

Following the pandemic, global consumption and demand rebounded, causing both prices and production in the state to surge. Then, at the beginning of 2022, the Russian invasion of Ukraine further disrupted global oil supply. As severe sanctions

For more info:

General Fund Financial Summary
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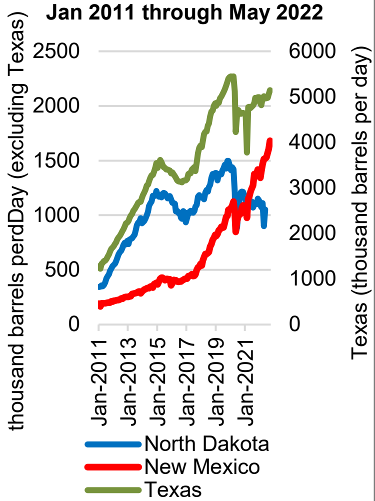
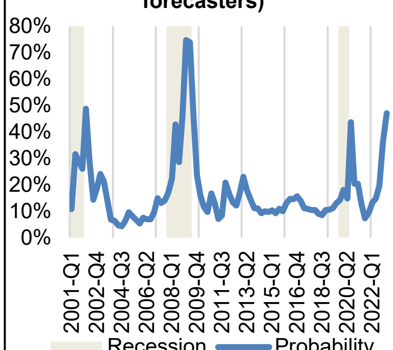
Top Three Oil-Producing States
Thousand Barrels per Day
Jan 2011 through May 2022



Source: EIA

Probability of Decline in Real GDP in the next Quarter
(survey of professional forecasters)



Source: Federal Reserve, Philadelphia

LFC Online: Understanding Government Finances

Finance Facts: Consensus Revenue Estimate

interrupted Russian energy supply deliveries, prices spiked worldwide. As a recession begins in many parts of the world, expectations for global oil demand have fallen, taking energy prices with them. Despite the lower prices, energy companies in New Mexico have continued to drill at production-expanding rates, and with increased productivity per well, production has broken records each month.

Drilling and completion activity in the Permian Basin picked up in early 2021, grew through 2022, and stabilized between 105 and 110 active rigs on average in the first half of FY23. Analysis by Rystad Energy, an energy analytics firm, suggests a rig count of 75-80 average active rigs is sufficient to maintain current levels of production in New Mexico. As rigs and well completions continue to exceed maintenance levels, New Mexico continues to hit oil production records, with the latest peak production of 1.7 million barrels per day in September 2022. To date, New Mexico is the only top oil producing state to have recovered above prepandemic production levels. In September 2022, Texas' daily oil production was still down 5.6 percent from prepandemic peak production and North Dakota's was down 26.1 percent, while New Mexico's daily oil production was up 49.4 percent.

The state is estimated to have produced 531 million barrels of oil in FY22, a 30 percent increase from total FY21 production. At current levels of daily oil production, the state would produce 618.1 million barrels of oil in FY23. In FY24, the consensus estimate expects oil production will grow 6.7 percent from current levels resulting in 660 million barrels in FY24.

New Mexico's natural gas production has accelerated as well. In September 2022, the state produced a record of 8.4 billion cubic feet (bcf) of natural gas per day, greatly exceeding the 7.1 bcf per day produced in FY22. New Mexico produced 2.6 trillion cubic feet of natural gas in FY22, an increase of 21 percent from FY21. The consensus forecast estimates natural gas production will average 7.9 bcf/day in FY23 and 7.93 bcf/day in FY24, resulting in estimated production of 2.75 trillion cubic feet in FY23 and 8.3 trillion cubic feet in FY24, reflecting the volatile nature of associated gas production and limited take-away capacity for gas in the Permian Basin. New Mexico gas production represents about 6.5 percent of daily U.S. production, and the state is the seventh most productive in the country, nearly reaching Oklahoma. New Mexico produces the second-most oil per resident, trailing only North Dakota.

Revenue Forecast

Total gross receipts tax collections in FY22 were much stronger than expected, bringing in $3.5 billion to the state. Strong collections are the result of higher nominal mining activity, record public investments in construction, high consumer savings, strong wage and consumption growth, and historically high inflation.

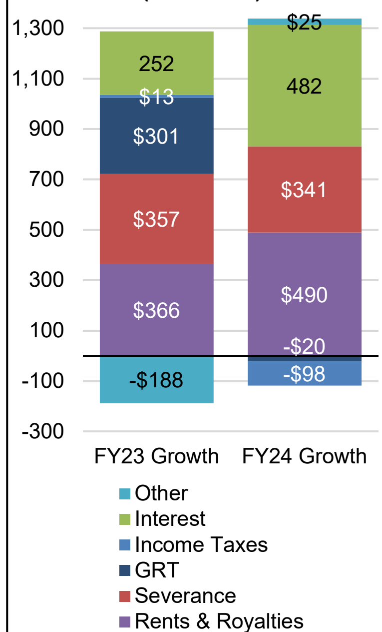
Surging GRT collections are driven mostly from activity in Eddy and Lea counties and, more specifically, activity in the mining industry. In the first quarter of FY23, mining activity subject to the gross receipts tax was up 86.7 percent, year-over-year. The increase is driven by drilling activity, which has increased by 37.6 percent over the same time last year, but also by increasing prices for mining services.

Although anticipated falling oil and gas prices generally reduce tax revenues, production levels are more than offsetting price declines, leading to record levels of severance taxes and federal royalty payments. About 62 percent of the general fund forecast growth in FY23 is from severance taxes and federal royalty payments, as well as about two-thirds of the general fund growth forecasted in FY24. Because revenue growth from these sources sent the five-year average soaring, the recent stabilization mechanisms that send excess oil- and gas-related collections to the tax stabilization reserve or early childhood trust fund are shrinking and becoming less effective at shielding the general fund from revenue swings.

Personal income tax collections continue to grow, significantly outpacing expectations in New Mexico and across the country. While the cause of some of the growth in income tax collections is unclear, some growth is attributable to inflation, stimulus and other relief, strong capital gains through 2021, and labor-market-fueled spikes in wages and salaries, especially in high-wage jobs. Also contributing to growing collections, a new top income tax bracket of 5.9 percent for the highest income earners took effect in tax year 2021. Personal income tax revenues grew at an annual rate of 22.2 percent in FY22 to $2.3 billion.

Underlying PIT revenues are expected to continue to grow along with wages and salaries, albeit at slower rates. In the 2019, 2020, 2021, and 2022 legislative sessions, significant changes were made to the personal income tax, contributing to an expected decrease of 3 percent in FY24. FY23 and FY24 PIT revenues are projected at $2.39 billion and $2.32 billion, respectively. The most recent recurring tax changes to PIT include exempting some social security and military retirement income, adding a child tax credit, and expanding the solar market tax credit.

Change in Recurring General Fund Revenue
Year-Over-Year
(in millions)

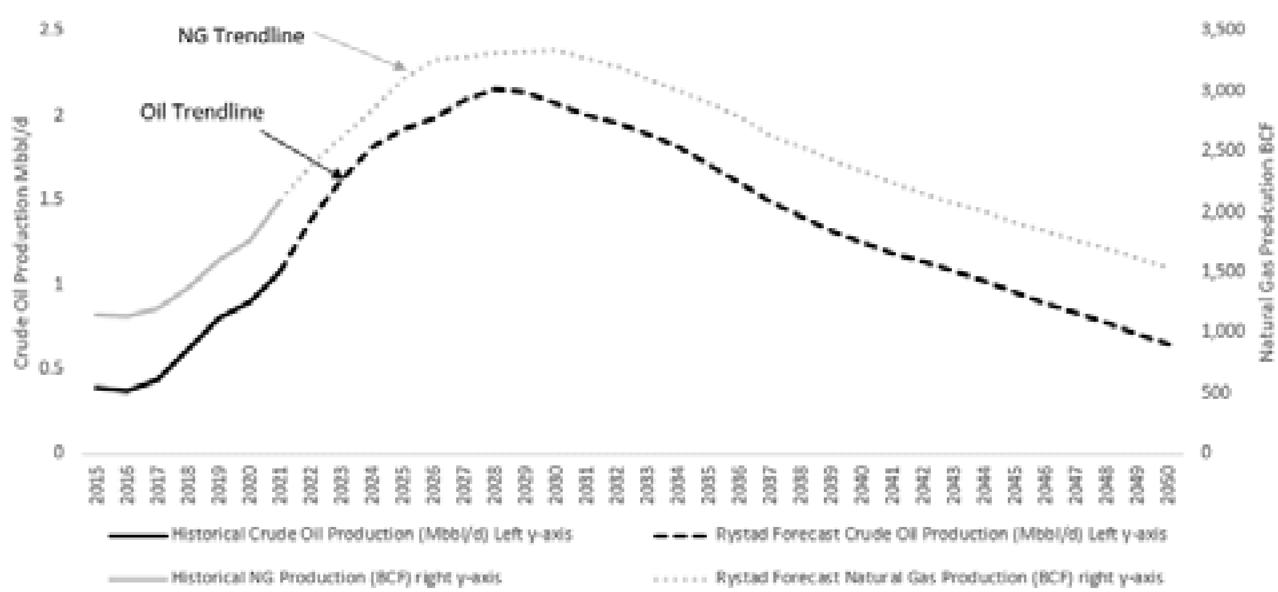


*Severance tax and royalty amounts exclude distributions to the tax stabilization reserve and early childhood trust fund.

Risks to the Forecast

Energy Volatility. New Mexico's dependence on the energy sector makes oil market volatility the largest, most significant risk to the forecast—on the upside and the downside. Strong oil and gas prices and increased production necessitate an upward revision to the consensus revenue estimate. A significant downside remains, with a global recession likely to push oil prices lower and higher input prices increasing the risk for oil prices to fall below breakeven prices, necessitating production declines. On the upside, other forecasters point out oil production could outpace the consensus estimate, reaching 2 million barrels per day as soon

NM Crude Oil Production Forecast, 2022-2050; NM Natural Gas Forecast, 2022-2040



Source: Rystad Energy

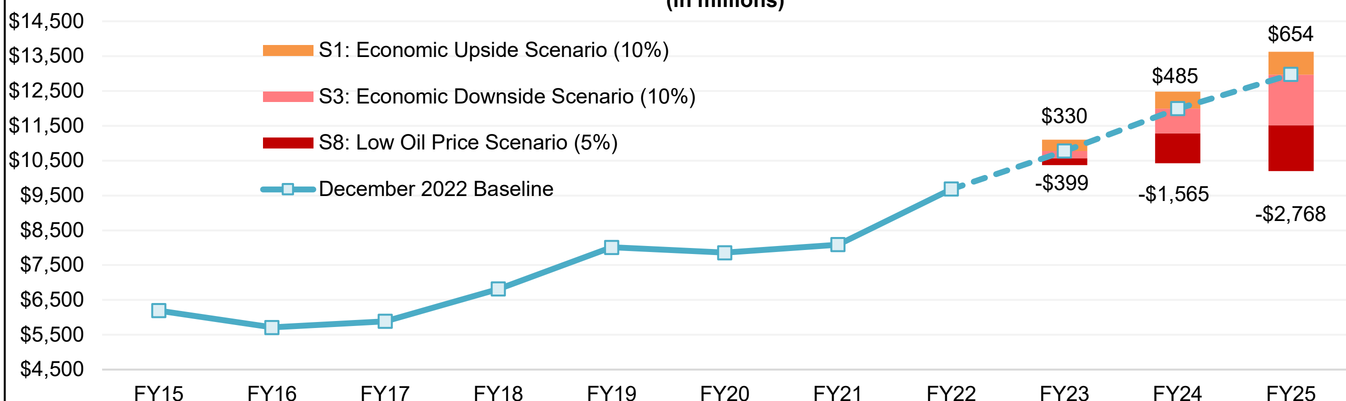
as 2025. In the long run, diminishing oil and gas demand will cause oil and gas production and revenues to decline below current levels, putting revenue and budget growth at risk.

Recession. The economy currently teeters on a knife's edge, with the likelihood of a recession just below that of a coin flip; national forecasters have increased the likelihood of a recession scenario to over 40 percent, highlighting the seriousness of the potential for a decline. For New Mexico, these scenarios could result in slower job recovery than the baseline, with the pessimistic forecast expecting employment to reach prepandemic levels in 2026, more than three years later than the baseline. A recession would dampen wages and salaries and consumer spending, posing serious downside risks to both income tax and GRT collections.

Stress-Testing the Revenue Forecast

The December 2022 consensus revenue estimates included a sensitivity analysis of select general fund revenues—including severance taxes, federal mineral leasing payments, personal income taxes, and gross receipts taxes—to three scenarios: an optimistic scenario with stronger economic growth, a pessimistic scenario with a weaker economic recovery, and a low oil price scenario. While the revenue forecast inherently faces risk, stress testing helps the Legislature prepare by looking at alternative outcomes.

General Fund Revenue Sensitivity Analysis
(in millions)



*Includes changes in revenues from severance taxes, federal mineral leasing payments, personal income taxes, and gross receipts taxes. Excludes changes in distributions of excess oil and gas school tax and federal mineral leasing payments to tax stabilization reserve or early childhood trust fund.

Source: CREG December 2022

Defined by high inflation and an uncertain economic future, fiscal year 2022 saw revenues driven to record highs by rising incomes, strong consumer spending, and a robust oil market. High oil prices and unprecedented production levels magnify the state's continued dependence on the extractives industry, driving expectations for future revenue growth even as increased recession expectations hint at fragility in more stable revenue sources.

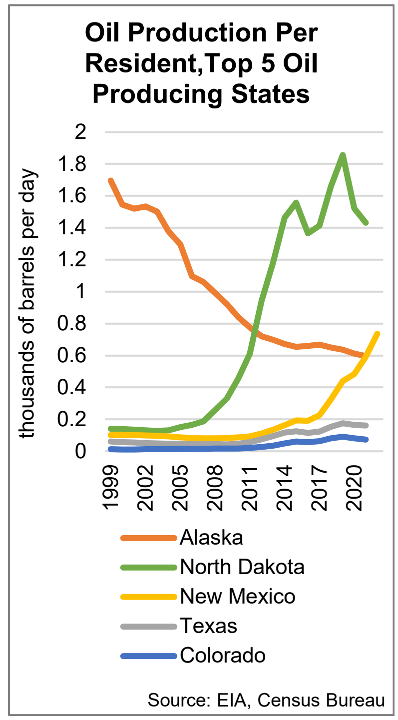
In the upcoming 2023 session, the Legislature's focus is first on a sustainable recurring budget despite surging, but volatile, revenues. New Mexico's tax revenues are outpacing the state's budget growth and spending capacity, resulting in larger reserves and funding available to enact meaningful tax reform, stimulate economic progress, and leverage volatile revenues for future income.

For more info:

Taxation and Revenue Department Performance Page 158

New Mexico's Shifting Outlook

Despite New Mexicans having low per capita income relative to other states, state revenues are growing rapidly amid high oil and gas production and prices. The oil and gas industry generated approximately $2,000 per resident in emergency oil and gas school tax and state share of federal mineral leasing revenue in FY22. Such high tax revenues reduce the economic burden on residents in the state but also contribute to increasing volatility. The short- to mid-term outlook for production is positive, with high production and relatively high prices expected to support state spending before production slows due to waning global demand in the long term and drags down state revenues. The outlook positions leaders to make critical decisions about the long-term financial health and stability of the state with ample opportunity for investments in New Mexico's future.

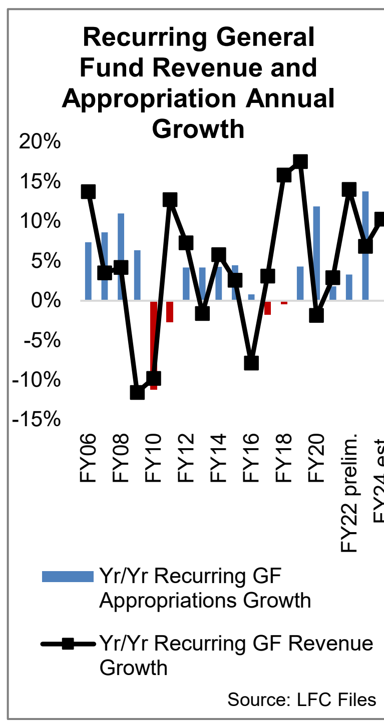


Fiscal Stability and Managing Revenue Volatility

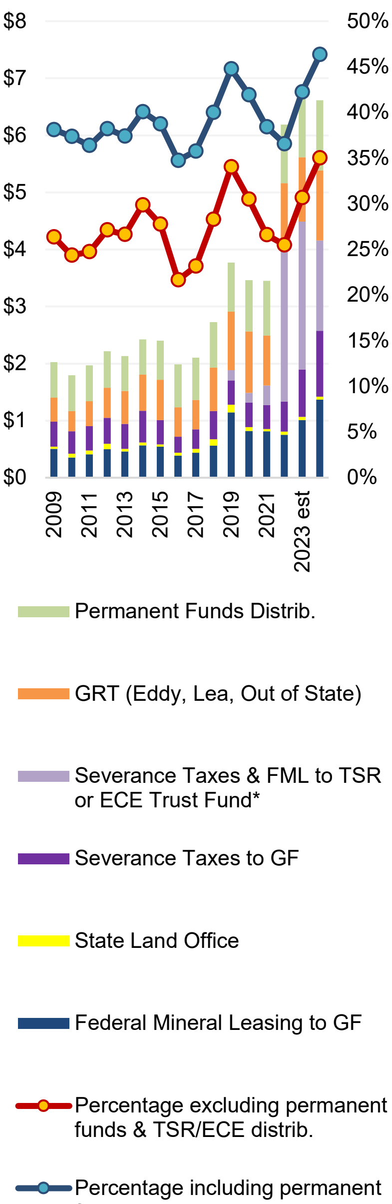
At the core of New Mexico's fiscal instability has been the significant reliance on volatile revenues from the extractives industry. Severance taxes and federal royalty payments made up about 14.4 percent of general fund revenues in FY22 and are expected to climb to nearly 24 percent in FY24. When including gross receipts taxes from Eddy and Lea counties and out-of-state receipts, also highly dependent on oil and gas activity, revenue dependent on the extractives industry made up 25.5 percent of general fund revenue in FY22 and is expected to climb to 35 percent in FY24 as oil and gas production surges in New Mexico.

Though significant work remains, lawmakers have chosen to manage revenue volatility through longstanding permanent funds, newly created tax stabilization mechanisms, consistent fiscal responsibility, and responsible reserve targets.

One of the state's long-standing measures for managing general fund revenue volatility is through distributions from the land grant and severance tax permanent funds, depositories for extraction taxes and other one-time revenue from depletable resources. These distributions are the most stable and reliable revenue streams to



General Fund Revenues Dependent on Oil and Gas Industry
(dollars in billions)



Source: LFC Files

LFC Online: Understanding Government Finances
Finance Facts: Oil and Natural Gas Revenue

the general fund and provide an intergenerational revenue stream that allows current resource extraction to benefit future New Mexicans. Combined, the permanent funds account for nearly 12 percent of general fund revenues annually with sustainable and stable growth rates of nearly 10 percent, far exceeding the general fund growth rate of other revenues. Without the permanent funds, taxes would have to be 12 percent more, on average, to support the spending levels of the last several years.

More recently, the Legislature has implemented revenue stabilization mechanisms to further insulate the general fund from swings in the energy industry. Starting in FY19, severance tax revenues in excess of the five-year moving average of severance tax revenues were directed to the tax stabilization reserve fund for use in revenue downturns. This measure helps reduce the general fund's dependence on severance tax revenue, captures windfalls from the oil and gas industry, lessens the impact of market shocks on the general fund, and provides a specific source of revenue to the rainy-day fund.

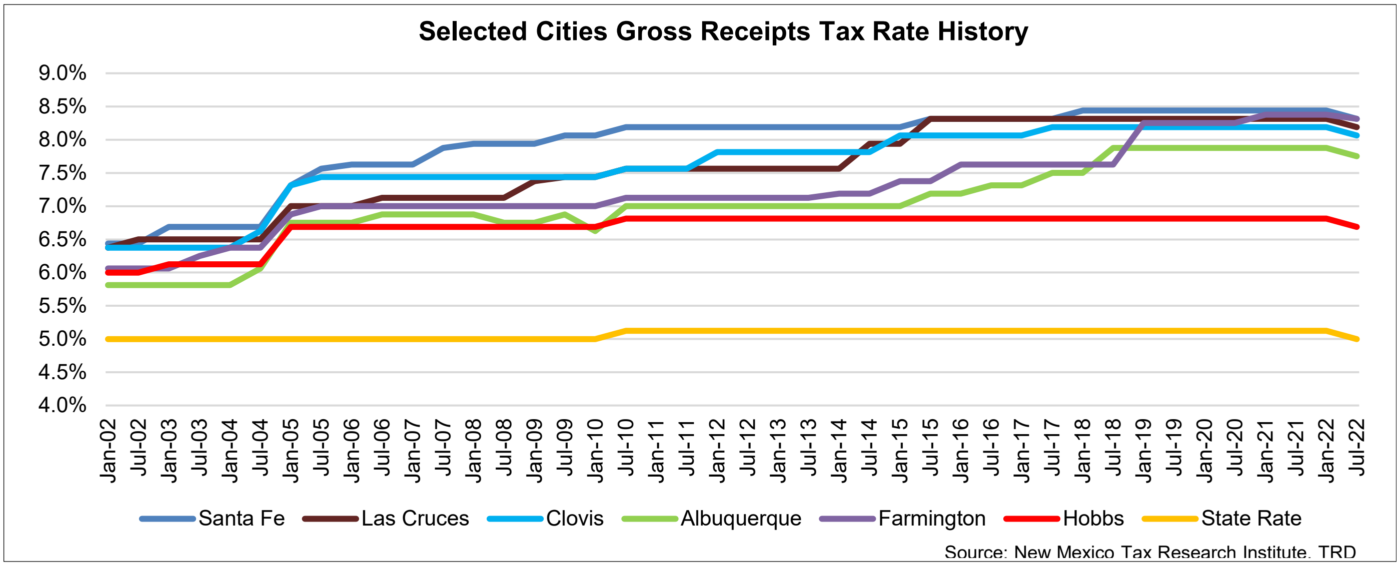
In FY22, the same stabilization mechanism was applied to federal mineral rents and royalties, with the newly created, interest-earning early childhood education trust fund as the beneficiary. With regular distributions from the fund, the mechanism provides a stable source of funding for early childhood programs and reduces the general fund's dependence on oil and gas revenues. The expansion of stabilization mechanisms in the general fund continues to support fiscal stability, with FY22 capturing over $2.8 billion in nonrecurring revenues above the five-year averages that otherwise would have spiked recurring revenues by 35 percent before declining again in FY23.

In addition to setting aside oil- and gas-related revenues for permanent funds or through stabilization mechanisms, the Legislature has also provided budgetary stability by spending less than total recurring revenues when revenues are above trend. Lawmakers have effectively used significant portions of revenue surpluses to fund a variety of capital outlay and infrastructure projects, build general fund reserves, supplant other state funds, and create new budget stabilization funds. The Legislature has also implemented best practices of budget planning with the development of a long-term revenue estimate and budget outlook. In July 2022, the Legislative Finance Committee conducted its first-ever hearing on long-term revenue planning, further advancing long-term stability.

Finally, the state's strong reserve position allowed the Legislature to emerge from the June 2020 special session, held to address significant forecasted revenue declines, without making any cuts to FY20 recurring budgets, limited cuts to nonrecurring appropriations, and only small reductions to the FY21 operating budget. The recent success of informed reserve targets and current surge of volatile revenues indicate a need to maintain reserve levels consistent with revenue stress testing. For FY24, these insights inform a recommended 30 percent general fund reserve level.

Recent Tax Changes and Outstanding Issues

Effective tax policy should generate enough revenue to fund government operations while avoiding harm to business activity that could arise from high tax rates or perverse incentives that create inefficiencies. Noncompetitive gross receipts tax rates (GRT), an outdated personal income tax bracket structure, the layering of



taxes known as pyramiding, and tax revenue volatility exemplify shortcomings of New Mexico's tax system. While the state has recently made large strides toward equity and efficiency, significant outstanding tax issues remain.

Gross Receipts Tax Reform and Opportunities

New Mexico lawmakers implemented several tax changes in the last five years, many of which were included as part of broad tax packages in the 2019 session (Chapter 270, House Bill 6) and the 2022 session (Chapter 47, House Bill 163). Those efforts included base-broadening measures to bring previously untaxed goods and services into the state's tax base, sweeping rate reductions, and equity and fairness improvements in the tax code.

GRT Pyramiding and Business Competitiveness. Tax pyramiding occurs when the GRT is applied to business-to-business purchases of goods and services, creating an extra layer of taxation at each stage of production. The burden of pyramiding is then exacerbated by rising GRT rates.

New Mexico currently has anti-pyramiding provisions for many goods-based inputs, but service-based inputs are still largely taxed. Because smaller businesses are unable to incorporate many professional resources in their operations, tax pyramiding for services like accounting, IT, and human resources disproportionately harms small businesses. In addition to lowering the GRT rate, policymakers could support New Mexico businesses by targeting those services for anti-pyramiding provisions in the tax code.

Additionally, gross receipts taxation of medical services remains complicated and difficult for private practitioners to navigate. While payments from insurance are deductible from the GRT, copayments, fees-for-service, coinsurance payments, and deductibles are subject to the GRT without deductions and are legally prohibited from being passed on to patients. To simplify and reduce tax burdens on medical practices, eliminating the GRT on copayments and the like could be effective.

GRT Rates. For the first time in 40 years, the Legislature in 2022 voted to reduce the statewide gross receipts tax rate (GRT) from 5.125 percent to 4.875 percent

LFC TAX POLICY PRINCIPLES

Adequacy:
Revenue should be adequate to fund needed government services.

Efficiency:
Tax base should be as broad as possible and avoid excess reliance on one tax.

Equity:
Different taxpayers should be treated fairly.

Simplicity:
Collection should be simple and easily understood.

Accountability:
Preferences should be easy to monitor and evaluate.

The 2022 Tax Package

Chapter 47 (House Bill 163) cut an estimated $203.7 million in recurring revenues and $325.5 million in nonrecurring revenues for FY23 through tax changes:

- $7.4 million to exempt military retirement from income tax,
- $84.1 million to exempt social security income from income tax for individuals with less than $100 thousand in income and couples with less than $150 thousand in income,
- $94.1 million to reduce the state gross receipts tax rate (GRT)by 1/8th of a percent to be followed by an additional 1/8th of a percent reduction depending on revenue triggers that could unwind the rate cuts (cost could reach $206.2 million by FY26),
- $5.6 million to eliminate GRT pyramiding for manufacturers,
- $2.1 million to adjust payments to certain municipalities being made to protect them from losses related to the end of the gross receipts tax on food and medicine,
- $3 million to define disclosed agents and prevent double taxation of pass-through wages,
- $1.7 million to reduce the compensating tax rate on out-of-state companies doing business in New Mexico,
- $1.4 million to eliminate the GRT on feminine hygiene products,
- $7.2 million to extend the solar building tax credit,
- $1.9 million for the New Solar Market Tax Credit,
- $312 million for a one-time income tax rebate,
- $9.4 million for a one-time tax credit for New Mexico nurses,
- $74 million for a child tax credit beginning in FY24.

over two years. Despite the rate reduction, the average gross receipts tax rate customers will pay when including municipal tax is likely to remain above 7.5 percent, around the median combined rate of our neighboring states. As inflation continues to boost GRT collections, further reducing the statewide GRT presents an opportunity to increase New Mexico's competitiveness and build on the reductions passed as part of Chapter 47.

The most effective tax reform proposals would incorporate strategies to limit or reduce local tax rates to fully realize the consumer and business benefits of lowering the tax rate. While the state GRT rate is moving in a positive economic direction, local government rates have been rising. As the state's first GRT reduction took effect July 1, 2022, Aztec, Bloomfield, Farmington, Kirtland, Silver City, and Vaughn raised their GRT rates by between 0.0625 of a percent and 0.3625 of a percent. Moreover, New Mexico's state GRT rate is relatively low compared with other states, ranking 32nd as of January 2021, but the combined state and local average rate is the 16th highest in the nation.

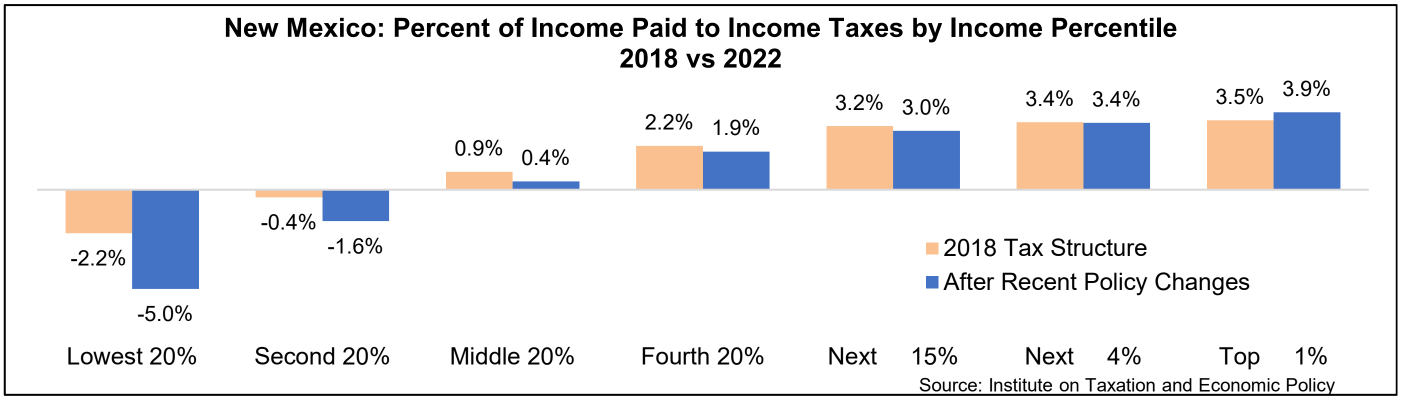
Income Tax Reform and Opportunities

Since 2019, the Legislature has passed legislation that created or expanded multiple personal income tax (PIT) and corporate income tax (CIT) exemptions, credits, and rebates with the aim to increase progressivity and provide temporary and permanent relief to low- and middle-income New Mexicans. The 2022 tax package included nearly $179 million of income tax relief in FY24. The most significant changes in the package were the PIT exemption for social security income up to $75 thousand and a child tax credit for most families with children. Recognizing surplus state revenues, the Legislature also passed one-time tax rebates totaling nearly $950 million across two years, providing inflation and pandemic relief to low- and middle-income residents.

The 2019 and 2021 legislative sessions resulted in large expansions of the working families tax credit and the low-income comprehensive tax credit, as well as bolstered the corporate income film tax credit and created a new top income bracket. Over the last five years, the income tax has become significantly more progressive, especially in the lower half of the income distribution, augmenting existing state income support programs for the lowest-income residents (see LFC report **Stacking of Income Supports**).

However, several significant issues remain. While the state has increased its income tax progressivity, it has done so by providing credits, deductions, and exemptions to targeted populations. This piecemeal approach clouds the actual income tax burden across taxpayers.

Over time, as incomes rose with inflation and piecemeal legislation eliminated some brackets, the income tax bracket structure has been rendered effectively flat. A large portion of the tax base, 44 percent, falls into the second-highest tax bracket at a rate of 4.9 percent, while only 11 percent of taxpayers are in the second and third brackets. Additionally, the income ranges of the brackets are extremely compact at the bottom. The bottom three brackets apply to taxpayers with annual incomes up to $16 thousand, while the fourth bracket applies to those earning $16 thousand to $210 thousand. Expanding the income range and rates of the lower brackets to be more gradual and include more taxpayers is needed to better reflect



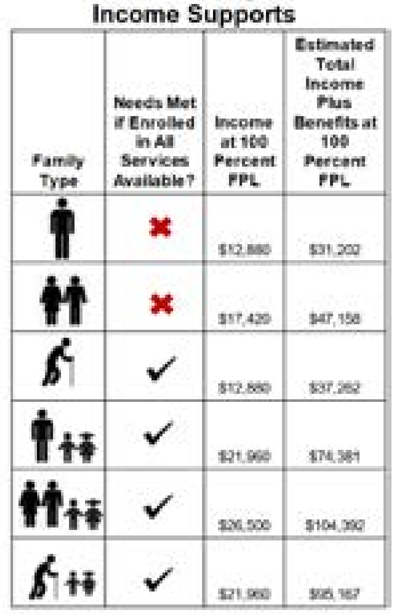
the statewide distribution of income and provide needed tax relief to low- and middle-income New Mexicans.

Twenty states cut their income tax rates in 2021 or 2022 with more proposing cuts in upcoming legislative sessions. New Mexico has competitive neighbors; Arizona has the lowest flat PIT in the country and Texas does not have income tax at all. Colorado has a 4.55 percent flat income tax, lower than the top three New Mexico PIT brackets. New Mexico's top rate of 5.9 percent is the 19th highest in the country, and while the rate only applies to about 3 percent of taxpayers, a noncompetitive top rate could deter high-earning companies and individuals from the state.

Additional Tax Issues

Various tax credits, deductions, and exemptions have narrowed the tax base and encouraged high tax rates. While revenues are currently at record highs and the erosion of the tax base is not an immediate concern, any shocks to the state's main revenue streams, namely oil and gas revenues, GRT, and income taxes, could jeopardize future budget levels. Narrowing the tax base, especially with piecemeal tax breaks, often results in inequities in taxation across demographics or income levels and creates uneven playing fields for businesses providing the same products or services. Tax reform should include a comprehensive review and consideration of eliminating, capping, or adding sunsets to existing tax expenditures to broaden the tax base and reduce tax rates.

Most Family Types Can Meet Basic Needs Using Current Income Supports



Family Type	Needs Met if Enrolled in All Services Available?	Income at 100 Percent FPL	Estimated Total Income Plus Benefits at 100 Percent FPL
	✖	$12,880	$31,202
	✖	$17,420	$47,158
	✔	$12,880	$37,262
	✔	$21,960	$74,381
	✔	$26,500	$104,392
	✔	$21,960	$95,167

Note: Includes federal stimulus and income supports.

Source: LFC analysis

Aspects of the property tax also remain a concern, specifically regarding the lack of transparency and data on the property tax. As a nondisclosure state, property sale prices are not recorded or made available as public record. Obscuring sale prices makes assessing value more difficult, increases tax avoidance, and can cause inequities in property assessments and effective tax rates. The state should consider legislation to become a full disclosure state, require reporting of property residency status, and require publication of additional debt metrics that other states use.

Finally, as the world transitions from fossil fuels, the state needs to consider ways to bring wind, solar, and hydrogen-based energy into its recurring tax base while maintaining the state's competitiveness for the industry. The State Land Office is currently charging the higher of a per-megawatt-capacity fee or 4 percent gross revenue fee on renewable energy production, negotiated through their land leases with energy production companies. This fee, effectively an energy production royalty or tax, is expected to begin earning tens of millions of dollars once projects become operational. As new markets are sought for inclusion in the tax base, more

Direct Federal Support to Counties and Municipalities

Unlike the state, counties and metropolitan cities in New Mexico received their American Rescue Plan Act (ARPA) local fiscal recovery funding in two tranches, one-half in summer 2021 and the other half in the summer 2022. As a part of ARPA, New Mexico cities and counties received a total of nearly $705 million in fiscal recovery funds (FRF), or over 40 percent of the state's total allocation. This total included $407.3 million in direct funding allocated to counties, $126.1 million allocated to local government with less than 50 thousand population, and $171.4 million allocated to the state's five largest cities.

Local governments also received funds through the Coronavirus Aid, Relief, and Economic Security Act, of 2020, which provided $1.25 billion of stimulus funding to New Mexico through the coronavirus relief fund, including $150 million for Albuquerque and $31.8 million for Bernalillo County. The state Department of Finance and Administration (DFA) distributed an additional $150 million to other counties and municipalities through an application process. Of that funding, $100 million was awarded to 83 local governments and the remaining $50 million was awarded to 66 entities for small business continuity grants, which local governments are responsible for awarding.

In total, $180.6 million of the $409.1 million, or 44 percent, of county ARPA fund had been obligated as of April 2022. Projects funded include $8.7 million in Bernalillo County for housing and mental health services, $8 million in Doña Ana County for broadband and mental health and housing projects, and $500 thousand in the city of Las Cruces for aid to tourism and hospitality businesses.

To better track local disbursements of federal programs, DFA's Local Government Division began requiring counties and municipalities to report their fiscal recovery fund distributions in their FY21 and FY22 final operating budgets. The department received almost $8 million for grant administration efforts, including funding to support grants management for local governments and councils of government ($3.5 million), to provide grants to local governments for federal matches ($1 million), and to support accountability and transparency of pandemic relief ($935 thousand).

study is needed to determine the optimal balance between taxing and recruiting renewable energy production in New Mexico.

LFC Online: Understanding Government Finances

Finance Facts: State Support for Local Governments

Local Government Revenues and Finance

Local governments have seen cost increases for services—at a rate of 5 percent annually on average—that have consistently outpaced growth in revenues—4.3 percent annually on average—for the past 15 years, according to the U.S. Census Bureau. Public safety, followed by capital outlay, utility services, social services, and income maintenance are the highest cost services for local governments. However, local governments have seen substantial federal stimulus investing in community projects and the maintenance of essential public services during the Covid-19 pandemic. In addition, local governments are seeing significant growth in gross receipts tax collections.

FY22 YTD MTGR Growth Over Previous Fiscal Years

	FY21	FY20	FY19
State	19.2%	12.7%	23.5%
Counties	34.0%	26.1%	32.0%
Muni.	26.7%	24.4%	24.7%

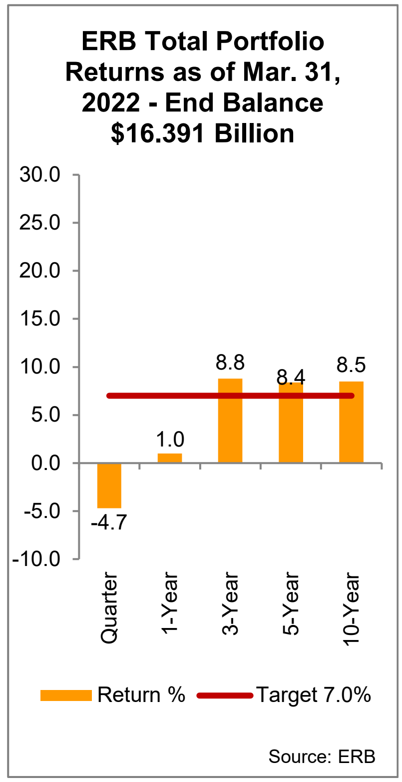
Source: RP500

Legislative Changes to Local Government Revenues. Starting in FY20, the state began broadly taxing internet sales (Laws 2019, Chapter 270, House Bill 6). In FY22, local governments started applying local GRT increments to online sales of tangible goods and most services delivered or provided within their jurisdictions, diversifying their tax base and eliminating out-of-state tax advantages. The change, known as destination-based sourcing, has contributed to skyrocketing GRT for local governments, with counties experiencing 34 percent growth over FY21 and municipalities experiencing 26.7 percent growth over the same period.

In addition to rising GRT, Chapter 4 (House Bill 2) of the 2021 special session enacted the Cannabis Regulation Act, allowing for possession, use, transportation, and sale of cannabis for nonmedical use. On full implementation of the act in FY23, local governments can expect to see approximately $13 million, with revenues increasing by over 15 percent in FY24 and continuing to increase in subsequent years as the cannabis market expands. Local governments should reevaluate the their recurring budgets as total distributions change and new revenues provide opportunities to reform funding for local services and address rising local GRT rates.

Market turmoil in FY22 resulted in moderate losses for state investments. Driven by stubborn inflation, unprecedented federal funds rate hikes, unpredictable oil prices, geopolitical turmoil in Europe, and a growing recession risk, annual returns have generally turned negative for investment funds across the country. However, the state's investments performed better than peer funds as stability and risk-aversion are prioritized by the state's investment strategies.

In the first half of FY22, investments had continued making gains from FY21 highs. As market gains slowed, the second half of the year challenged the state's investments; the Federal Reserve restricted liquidity in the market by raising interest rates and real economic growth turned negative in response to inflation. With a volatile market outlook and increasing recessionary risks in the global economy, protecting state funds from losses and preparing for the market recovery remain principal concerns.



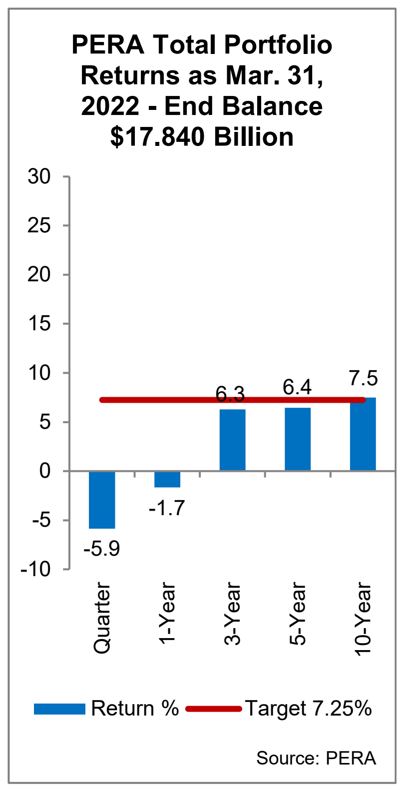
Performance Overview

The ending value of the state's primary investment holdings in FY22–comprising the two pension funds managed by the Educational Retirement Board (ERB) and the Public Employees Retirement Association (PERA) and the land grant and severance tax permanent funds managed by the State Investment Council (SIC)–fell by $1.2 billion, or 1.9 percent, to end the fiscal year at $62.3 billion. The land grant permanent fund (LGPF) saw their fund balance grow despite annual losses due to contributions from oil and gas royalty payments. Over the last five years, the state's combined investment holdings grew by $13.9 billion, or 28.6 percent.

Asset Values for Year Ending June 30, 2022
(in millions of dollars)

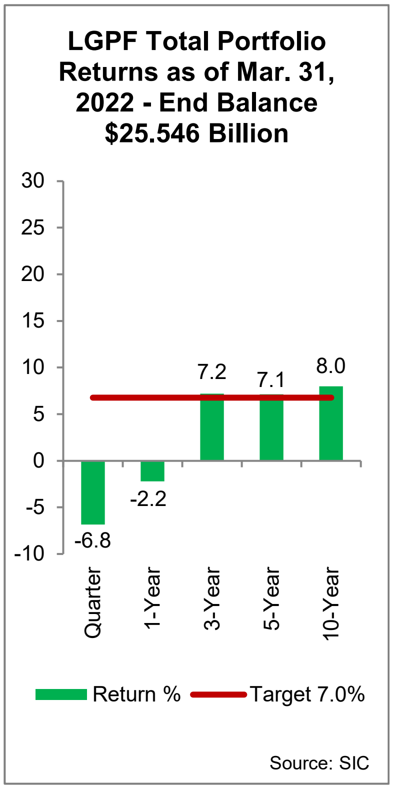
Annual	ERB	PERA	LGPF	STPF	Total
Asset Value	$15,511.2	$16,628.9	$24,110.0	$6,043.8	$62,293.9
Value Change	-$328.9	-$948.6	$292.6	-$190.7	-$1,175.6
Percent Change (year-over-year)	-2.1%	-5.4%	1.2%	-3.1%	-1.9%

Note: Percent change includes investment returns, contributions, and distributions.
Source: Investment Agency Reports



Returns for the permanent funds exceeded the agencies' long-term investment targets of 7 percent for the LGPF and 6.75 percent for the severance tax permanent fund (STPF) for the 10-year period. The LGPF exceeded its target in the three- and five- year periods but failed to meet the target for the one-year period as losses mounted. The STPF failed to meet its target for all periods except the 10-year period.

The Severance Tax Bonding Act authorizes various economically targeted investment (ETI) strategies for the STPF that permit a below-market rate of return for investments intended to stimulate the economy of New Mexico. While many legislative authorizations are currently inactive, if all ETI allocations in statute



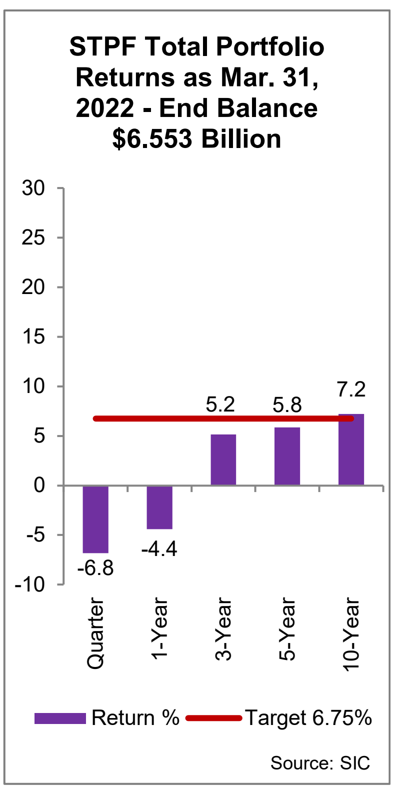
were fully implemented by SIC, it would result in more than three-quarters of the STPF being placed in below-market investment strategies. In the 2020 special legislative sessions, the Legislature directed another roughly 9.5 percent allocation to pandemic relief efforts. The below-market returns on economically targeted investments contribute to poor STPF performance.

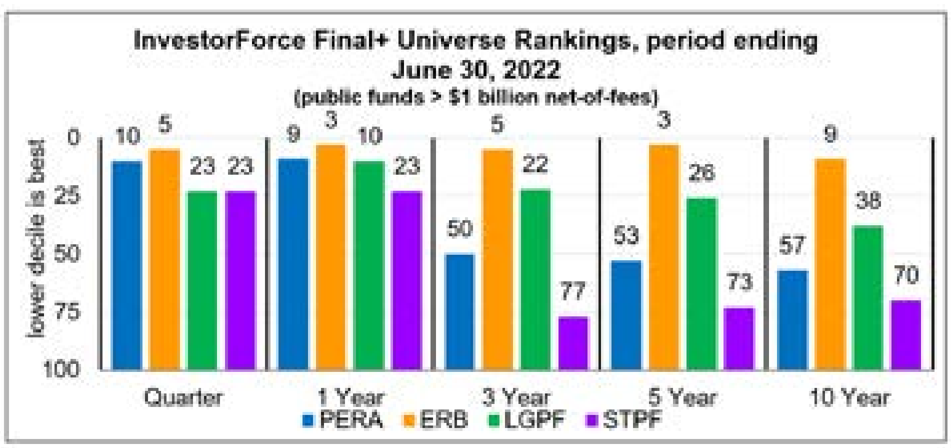
Neither pension fund met its long-term target of 7.25 percent (PERA) and 7 percent (ERB) for the one-year period. While ERB exceeded targets in the three- and five-year periods, PERA's returns fell short. Both pension funds met their targets for the 10-year period. Overall, ERB performed best of all funds and exceeded returns earned by PERA by over 1 percent in every period and over 2.5 percent in the FY22 annual return. ERB is the only fund to have a positive return for the one-year period.

Performance Relative to Peers

Despite combined annual losses of $1.2 billion, when compared with peer funds greater than $1 billion on a net-of-fee basis, the state's investment funds performed well in the quarter and year, with all funds ranking in the top quartile. ERB performed in the top 10 percent for all periods. STPF performed near or in the lowest quartile for three- through 10-year returns, while PERA performed near the median, an improvement from historical performance. The LGPF ranked above the median and near the top quartile for long-term returns

Because New Mexico investment agencies have all prioritized policies of risk mitigation, the state's investments tend to perform well relative to peers during periods of market decline. For example, during falling equity markets in the last quarter of FY22, the state's investment funds performed well when compared with peer funds, all ranking in the highest quartile for the quarter and year.





However, lower risk positions tend to perform poorly relative to peers during periods of market upswings. In FY21, for example, PERA and the severance tax permanent fund performed in the bottom quartile when compared with their peer funds as markets strongly recovered, leaving the state out of larger possible returns.

Asset Allocations

The agencies have each pursued diversification strategies to mitigate return risk in moderate or negative return markets, with the understanding that moving away from heavy stock market exposure means the funds might earn less (and lag their peers) in bull markets.

Less than 40 percent of New Mexico's assets are invested in public equities, like the stock market. Three of the state's four investment funds are invested in fixed income assets at an allocation rate above 19 percent. ERB is the exception, with most assets (69 percent) in alternative invetments, such as real estate, real assets, and private equity. Some state investment portfolios will undergo an asset allocation and risk profile review later this calendar year.

LFC Online: Understanding Government Finances

Finance Facts: Investment Funds

Child Well-Being

For more info:

Early Childhood Education and Care Department Performance
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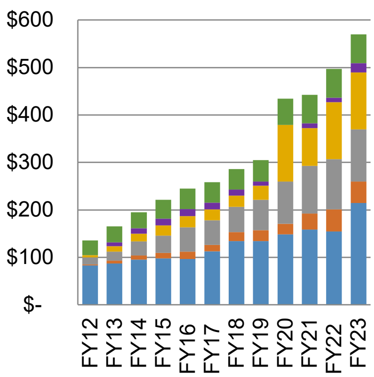
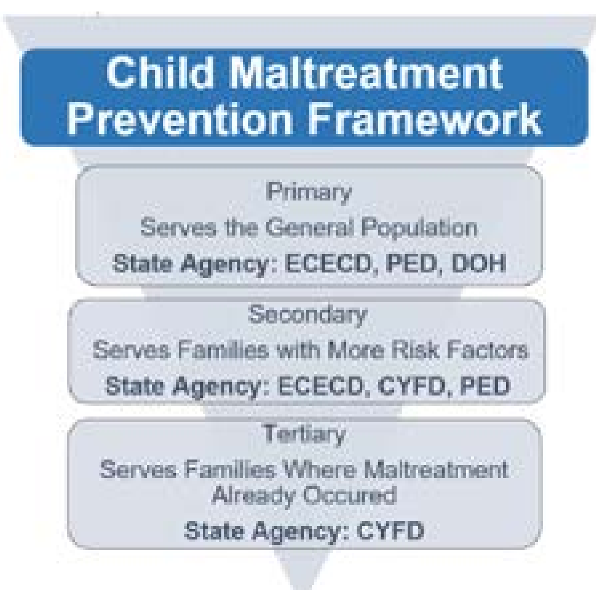
Recurring Early Childhood Funding History FY12-FY23 (in millions)



Source: LFC files



A key purpose of the child well-being system in New Mexico is to reduce adverse childhood experiences—emotional and physical abuse or neglect, substance abuse in the home, incarceration of a parent, and other potentially traumatic events that can harm a child's development and raise the long-term risk of substance abuse, behavioral health issues, low economic and education attainment, and other poor outcomes. Because safe, stable, and enriching environments are proven to improve child well-being, programs that support families have been a focus for New Mexico for more than a decade. Investment has continued to grow for the early childhood care and education programs in the Early Childhood Education and Care Department (ECECD) and the array of abuse and neglect prevention, intervention, behavioral health, and after-care services in the Children, Youth and Families Department (CYFD), as well as for behavioral health services at the Human Services Department (HSD).

The original study on adverse childhood experiences, conducted by the U.S. Center for Disease Control and Prevention in the mid-1990s, found a strong relationship between adverse experiences and a child's development and long-term risks. Reducing the number of adverse experiences – at risk families often have more than one – can greatly reduce the risk of negative cyclical-generational health and well-being outcomes. Similarly, because the basic architecture of a child's brain forms in the first few years of life, research shows these earliest years may present the most significant opportunity to remediate developmental delays and address the cognitive and social delays that can result from less stimulating emotional and physical environments, as well as the severely diminished neurological development that can result from unstable and stressful environments.

Early Childhood Care and Education

Home Visiting

Home Visiting, an intensive parent education program funded managed by ECECD, also to serve 5,016 families in FY23 and reaches a fraction of New Mexio families with small children. A little over 21 thousand children are born in New Mexico each year, and the program serves families with children up to 3-years-old. Some types of home-visiting programs reduce child abuse and improve health for both the child and parent, although traditional face-to-face home visits were not possible for an extended period due to the pandemic. As of late 2022, most state-funded home visiting programs have returned to in-person services.

Medicaid-Matched Funding for Home Visiting. Maximizing Medicaid revenues would allow the state to provide home-visiting services to many more families with existing appropriations. However, efforts to maximize federal Medicaid revenues, and therefore expand services, have stalled. Between FY12 and FY23, the Legislature increased general fund appropriations for Home Visiting from $2.3 million to $15.1 million, but partly because only certain home-visiting approaches are eligible for federal Medicaid funding, most of the state Home Visiting funding is not being matched with the federal dollars. Expanding the use of Medicaid-eligible home-visiting models and providers, in addition to growing family interest and improving the state's referral systems, is key to growing Medicaid-matched home-visiting services. Additionally, the state could utilize existing Medicaid incentive programs, which include financial incentives to families for participating in well-child visits and certain other activities, to attract and expand home-visiting enrollment.

According to the Human Services Department (HSD), Medicaid funds 72 percent of babies born in New Mexico. This represents a large population of families who are likely eligible for home-visiting services. Expansion of Medicaid-funded Home Visiting could allow the state to match the $15 million in state general fund revenues currently appropriated for Home Visiting with federal revenues. The pilot for Medicaid Home Visiting began in FY20, but it remains a relatively small portion of the state's home-visiting system, serving an estimated 933 families in FY23 according to ECECD, or less than one-fifth of all Home-Visiting capacity. Medicaid managed care spending for Home Visiting was $561 thousand in FY20 and declined to $367 thousand in FY21. Half way through the FY22 billing year, HSD has only spent $298 thousand on Home Visiting. However, in FY23, HSD has built $4 million into the Medicaid payments to managed-care providers, well above the three previous fiscal years.

In 2020, the federal Centers for Medicare and Medicaid Services authorized the state to expand Medicaid-matched Home Visiting statewide. However, many New Mexico Home Visiting providers currently use models not approved by the federal government for Medicaid coverage. First Born, the state's homegrown home-visiting model, is among those currently ineligible for Medicaid funding despite research that shows the model has a positive impact.

In 2022, HSD will submit an application to the federal Centers for Medicare and Medicaid Services asking for an updated waiver to Medicaid regulations that will allow New Mexico to add three additional models for Medicaid eligibility: Healthy Families America, Family Connects, and Child First. With additional eligible models, the state could grow Medicaid-funded Home Visiting more quickly.

Childcare Assistance Spending

Childcare Assistance, a program that subsidizes childcare by directly paying providers all or part of the costs for each qualifying child, receives the largest share of early childhood funding, although it has not been shown to improve long-term education outcomes for children, in contrast to prekindergarten. New Mexico has steadily increased reimbursement rates for providers, and the cost per child has increased by about 62 percent over the last eight years.

ECECD announced expanded income eligibility for families in July 2021 that raised the family income limit to 400 percent of the federal poverty level (FPL),

Home Visiting is an intensive parent education program shown to effectively reduce child abuse and improve health. This voluntary program provides family support and basic parenting skills critical to improving childhood outcomes during pregnancy and through the first few years of a child's life.

Prekindergarten is an educational program for 3- and 4-year-olds shown to significantly improve math and reading proficiency for low-income participants.

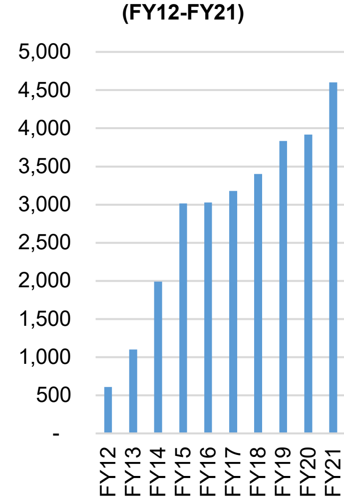
Childcare Assistance is a subsidy program for families with children between the ages of 3 weeks and 13 years whose families make less than 400 percent of the federal poverty level (FPL), or $111 thousand for a family of four.

K-5 Plus is an extended school year program focused on increasing time-on-task in schools with large numbers of low-income students.

LFC Online: Understanding Government Finances

Finance Facts: Early Childhood Services

Home Visiting Contracts History
(FY12-FY21)



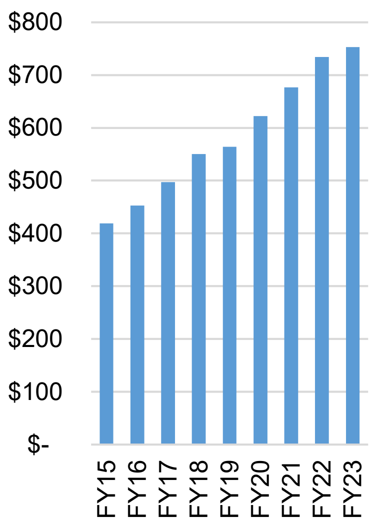
Source: LFC files/CYFD/ECECD

2022 Federal Poverty Levels				
Household Size	100%	200%	300%	400%
1	$ 13,590	$ 27,180	$ 40,770	$ 54,360
2	$ 18,310	$ 36,620	$ 54,930	$ 73,240
3	$ 23,030	$ 46,060	$ 69,090	$ 92,120
4	$ 27,750	$ 55,500	$ 83,250	$ 111,000
5	$ 32,470	$ 64,940	$ 97,410	$ 129,880
6	$ 37,190	$ 74,380	$ 111,570	$ 148,760

up from 200 percent. Childcare assistance subsidizes childcare costs for families with children between the ages of 6 weeks and 13 years with incomes up to $111 thousand for a family of four. The department also created subsidies for parents and other caregivers who work or attend training or education programs.

In addition to expanded eligibility, ECECD switched to a cost-based model—it previously used a market-rate survey—for determining its reimbursement rates for childcare providers, effectively increasing the provider rates. The cost estimation model sets rates based on costs reported by childcare providers in the delivery of service, based on the type of care, age of the child, and state licensing and quality requirements. Childcare Assistance rates may influence the state's private pay market, and ECECD should ensure rates are affordable for families ineligible for assistance.

Childcare Assistance Average Monthly Cost per Child



Source: ECECD

New Mexico continues to have higher maximum reimbursement rates than the majority of states. A 2019 LFC evaluation found New Mexico was paying more for higher quality care than the federally recommended 75 percent of the market rate and had rates higher than 80 percent of states.

In October 2022, ECECD announced it would also provide a grant-based pay incentive of $3 an hour per worker to licensed childcare providers, regardless of current income, position type, or if the provider accepts childcare assistance. The department estimates the cost of the grants to be $77 million annually and launched the program using one-time federal American Rescue Plan Act (ARPA) funding. Performance outcome goals are unclear, and the grant may conflict with the anti-donation clause in the state constitution that prohibits state spending on private interests in most cases. If state funds are to used to continue to program once federal funds are exhausted. The department estimates expanded eligibility and reducing parent-copayment in FY24 will cost between $175 million and $200 million once the federal revenues are exhausted.

Family, Infant, Toddler (FIT) is a statewide comprehensive system of early intervention services for children from birth to age 3 diagnosed with developmental delays, disabilities, and serious medical conditions.

Head Start is a federal program supporting the comprehensive development of children from birth to age 5 through early childhood education, child health screening and intervention, and parental supports. The program directly funds providers, bypassing state control.

Women, Infants, and Children (WIC) is a federally funded program providing supplemental foods, healthcare referrals, and nutrition education to low-income pregnant women, breastfeeding and nonbreastfeeding postpartum women, and infants and children up to age 5 found to be at nutritional risk.

At the close of FY22, the average cost per child rose to $734, or 9 percent above the previous fiscal year, resulting in an estimated cost of approximately $8.8 million annually for every additional 1,000 children enrolled. However, the average monthly cost per child may decline in FY24 as the department discontinues nonrecurring expenses, such as covering parent co-payments and pandemic-related differentials. ECECD plans to cover parent co-payments through FY23 and may request to reduce co-payments in FY24 to the federal recommendation of 7 percent of family income.

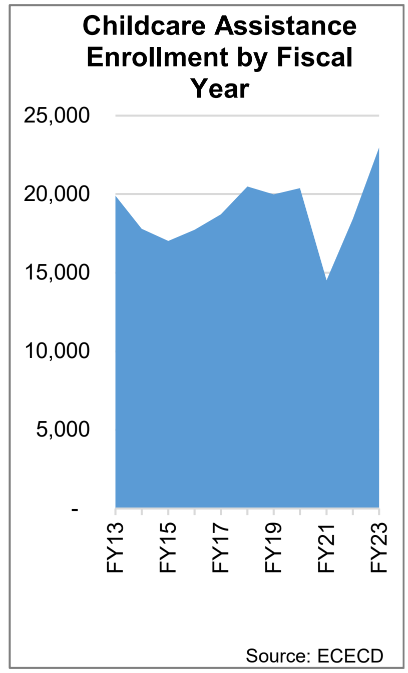
Childcare Assistance enrollment began to increase to prepandemic levels in the last quarter of FY22, reaching nearly 22 thousand children at the end of the fiscal year. ECECD projects the Childcare Assistance program will grow to 27 thousand children enrolled monthly with expanded eligibility and the waiving of co-payments. Prepandemic levels were ranged closer to 21 thousand, and the height of childcare assistance In FY10 was

ECECD has used nonrecurring federal pandemic-related funding to fund expanded eligibility and copayment waivers.

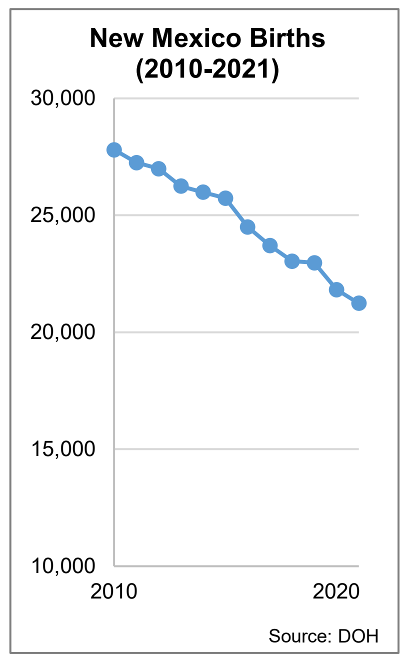
Prekindergarten and Early Prekindergarten

New Mexico PreK, an early education program for 3- and 4-year olds available to New Mexico families for either half-day or extended-day services, serves approximately 13 thousand. Despite some barriers to expansion, New Mexico is effectively providing sufficient funding to ensure all 4-year-olds receive at least some type of early education through Childcare Assistance, New Mexico PreK, or Head Start. A federal program. In fact, New Mexico is ranked by the National Institute for Early Education Research (NIEER) as 10th in spending on prekindergarten and 11th for access for 3-year-olds, and 13th on access for 4-year-olds.

LFC staff found participation in prekindergarten corresponds with a 10 percent increase in college going rates. This evidence includes a large body of national research and LFC evaluations that have consistently found prekindergarten programs increase math and reading proficiency for low-income 4-year-olds, lower special education and retention rates, and lessen the negative effects of mobility, or a child changing schools throughout the school year.



Although data continue to show the positive impact of prekindergarten programs on test scores for participants in kindergarten, the pandemic likely affected both the delivery of prekindergarten and performance. A 2020 LFC program evaluation was critical of the New Mexico prekindergarten program for not having good metrics of quality and recommended ECECD begin using a valid and reliable tool to assess teacher-child interactions because classroom quality can affect student performance. For example, the federal government uses the classroom assessment scoring system (CLASS) to evaluate Head Start programs. For a number of years, New Mexico used the early childhood environment rating scale (ECERS) but ECECD has since moved away from system wide use of that tool.



Early Childhood Funding

Funding for the New Mexico early care and education system has increased from $136 million in FY12 to $578.9 million in FY23. This does not include federal Head Start and Early Head Start funding of $78 million in FY22. General fund appropriations provide a significant portion of early childhood spending. In addition, the early childhood care and education fund was create in the 2020 regular session and endowed with $300 million. Revenues to the fund from excess federal mineral leasing, excess oil and gas school tax, and investment gains have led to a projected $8 billion fund balance and $234 million in annual distributions by FY26. Further, voters in November 2022 approved an amendment to the state's constitution that if approved by Congress, will increase the distribution from the land grant permanent fund to potentially provide an additional $140 million revenue to early childhood programs in FY24. ECECD appears to be highly focused on using the incremental revenue to expand Childcare Assistance. This may provide income support to families but may also provide limited school-readiness benefits

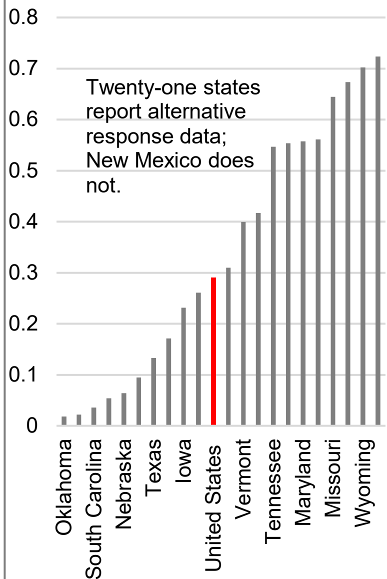
LFC Online: Understanding Government Finances

[Finance Facts: Childcare Assistance and Licensing]

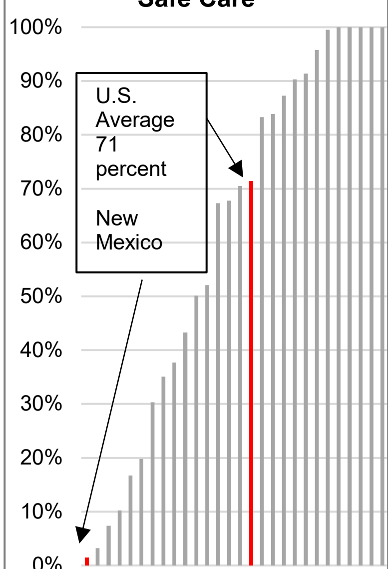
System Coordination and Quality

Coordination. Due to significant expansion of services and a declining birthrate, competition among providers is problematic. Multiple reports over the last several years identified the problem of a growing but uneven supply of services for 3- and 4-year-old children from multiple programs. Ensuring community resources are

Previous LFC evaluations found prekindergarten, when coupled with the K-5 Plus extended school year program, nearly closes the achievement gap between low-income and higher-income children.



Source: ACF Child Maltreatment 2020



Source: ACF Child Maltreatment 2020

dedicated to quality is essential; otherwise, competition can lead to diminished outcomes. The state's rapid and substantial investment into prekindergarten and childcare has coincided with a drop in Head Start enrollment, leading some programs to lose federal funding and other programs to shift slots from 4-year-olds to 3-year-olds. Head Start providers indicate chronically under-enrolled programs can potentially lose existing funding and be disqualified from competing for new funding opportunities. Some communities are working on braiding prekindergarten funding from the state—available for public schools from the Public Education Department and for private providers through the ECECD—with federal Head Start funding.

Infant and Toddler Service Capacity. While childcare and prekindergarten for 3- and 4-year-olds is widely available, options for children younger than 3 declined significantly, with infant childcare options the least available to families. LFC analysis shows infant and toddler care for children from birth to age 2 had only 7,000 slots between Childcare Assistance and Early Head Start in 2018. Parental support and early intervention services for families with younger children, such as paraprofessional home visits, the federally funded Women, Infants and Children nutrition program, and the Families, Infant, Toddlers intervention program for children with developmental disabilities and certain medical conditions, are more widely used by families with children 2 years old and younger. Further, analysis of early care options for families with young children should be a priority of the Early Childhood Education and Care Department.

Family Preservation

New Mexico is consistently among the poorest performing states when it comes to repeat child maltreatment. High poverty rates, substance use, domestic violence, unmet mental health needs, unstable housing, and other complex family needs have all been cited by the Children, Youth and Families Department as obstacles to reducing maltreatment to a rate closer to the national average. Over the long-term, child maltreatment causes physical, psychological, and behavioral consequences leading to increased costs to the child welfare, behavioral health, and physical healthcare systems. The Centers for Disease Control and Prevention estimate the lifetime cost of nonfatal child maltreatment at $831 thousand.

Within the child maltreatment prevention framework, secondary prevention strategies, such as plans of safe care and family support services, and tertiary prevention strategies, such as intensive family preservation and behavioral health services for families, are fundamental to improve child well-being, falling squarely within the purview of the Children, Youth and Families Department. The state has been slow to adopt prevention and early intervention services within the child-welfare system and will need a greater sense of urgency if the state is to tackle repeat maltreatment and help families better care for children safely.

Prevention

Many cases of maltreatment are predictable and can be prevented using evidence-based prevention strategies. The federal government and much of the rest of the country is moving in the direction of increasing prevention and working to avoid family separations, which can result in costly and traumatic placements in the child-welfare system.

A Closer Look

Options to Address Child Maltreatment

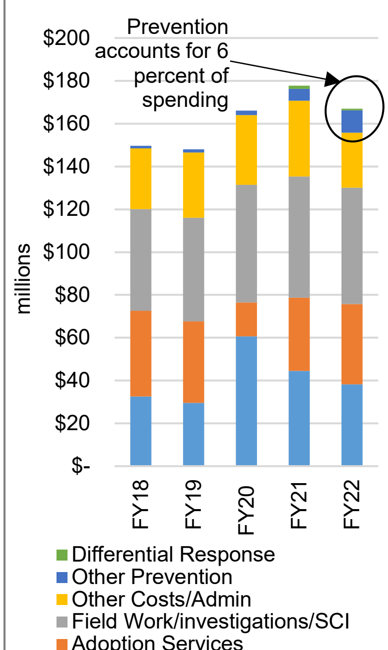
The Children, Youth and Families Department has made progress in directing more money toward prevention and implementing evidence-based approaches, such as differential response. However, the August 2022 Program Evaluation Unit Report *Results First: Evidence-Based Options to Address Child Maltreatment* finds is still room for improvement.

About five out of every 1,000 New Mexico children in the New Mexico child protection system will receive preventive services, compared with the national average of 43 children per 1,000. Meanwhile, the department will field almost 26 thousand reports of maltreatment in a given year, with over 7,000 substantiated cases, reflecting a maltreatment rate that is 77 percent higher than the national rate.

Rigorous research demonstrates some programs and strategies improve outcomes and can keep children safely at home with their families and prevent child maltreatment. Strategic investments, along with careful attention to implementation and performance monitoring, could help the state achieve reductions in child maltreatment and improve outcomes for New Mexico families.

Between FY18 and FY22, Children, Youth and Families Department (CYFD) preventive services expenditures grew from about $1.1 million to $11.1 million, a tenfold increase, with most of the increase occurring in the last two years. During the same period, repeat maltreatment decreased from 17 percent to 14 percent, but remained well above the national average of 8 percent. Most of the increase in prevention services spending comes from increased general fund allotments and federal Title IV-B Community-Based Child Abuse Prevention and Promoting Safe and Stable Families grants. While the increase is a welcomed step forward, prevention spending is only 6.6 percent of the total Protective Services budget.

Protective Services Spending Categories



Source: SHARE

The state has several opportunities to continue expanding prevention, including by continuing to reinvest savings from reduced foster care caseloads (reduced 32 percent since November 2017) into prevention services, as LFC recommended in the last two budget cycles. The department also recently submitted its Families First Prevention Services Act plan for reducing child maltreatment to the federal government, an opportunity to receive federal funds for evidence-based in-home services for families. If approved, New Mexico will be able to access federal support for programs that prevent the trauma of unnecessary separation of children from their families through evidence-based interventions for children and families. However, the state was slow to submit its plan and at least 40 other states submitted their plans before New Mexico, with 27 plans approved by the federal government as of July 2022.

The department's plan is to build on existing in-home services, intensive family support services, and home-visiting programs to begin using Title IV-E federal families first funding and outlines the actions and resources needed to expand, build, and strengthen the capacity to carry out child maltreatment prevention work across the state. Planned behavioral health program expansions include high-fidelity wraparound services, family peer support services, infant mental health, and multisystemic therapy. However, many of these programs are already covered by Medicaid. The department also selected several programs from the Title IV-E evidence-based program clearinghouse to begin implementing, including Healthy Families America, Child First, Safe Care, Family Spirit, and Motivational Interviewing. CYFD has also chosen to continue Family Connections (its

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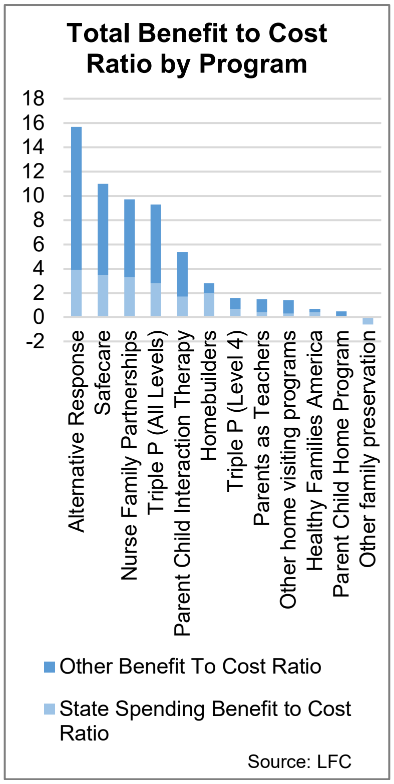
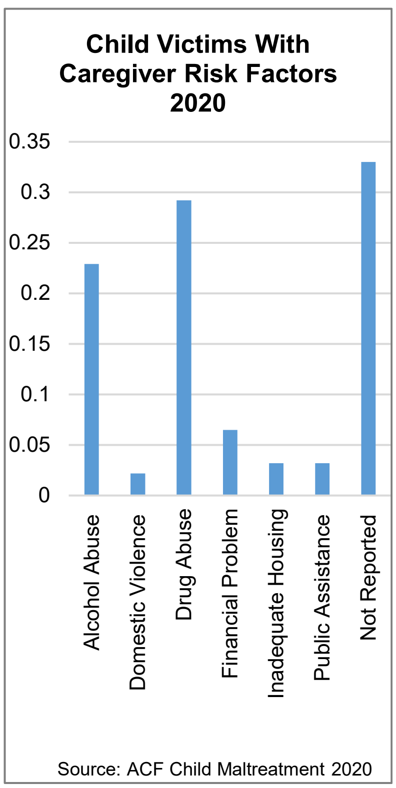




homegrown alternative response model) and will use a portion of the Title IV-E implementation funding to evaluate the Family Connections model to develop a research basis for including this program in the Title IV-E Clearinghouse. However, it is unclear whether the department will be able to draw IV-E funding for this program.

Alternative Response. Despite a 16:1 return on investment for alternative response, according to Results First data, the state has not fully implemented an alternative response program. The use of alternative response is widespread nationally with 21 states in 2020 reporting data to the federal government. New Mexico did not report this data because its alternative response pilot, known as Family Outreach and Community Engagement (FORCE), did not start until 2021. Alternative response is meant to prevent child maltreatment and avoid costly and more traumatic interactions with the child welfare system. However, FORCE is not strictly an alternative response program because the department, when developing the program, did not adopt a nationally recognized evidence-based best practice, and New Mexico might not experience the nearly $16 return on investment experienced in other states.

FORCE is currently being piloted in four New Mexico counties, representing 16 percent of the population. CYFD began piloting alternative response in January 2021 in McKinley, Rio Arriba, Sandoval, and Valencia counties and has focused on families at the lowest risk who will not receive an investigation. CYFD staff refers families identified for the program to a service provider in the county that may make further referrals to services and supports for mental health, clothing, food, finance, housing, youth behavior, domestic violence, early intervention, and other services. CYFD has plans to expand to cover 27 percent of the state's population in FY23. The department also is only implementing one level of the differential response program and could expand to include higher risk families. Roughly $684 thousand was spent on FORCE in FY22, less than half of what was spent on FORCE in FY21 ($1.5 million).

Plans of Safe Care. The two leading caregiver risk factors for child maltreatment are alcohol and drug use and the state ranks high in drug-and alcohol-related deaths. Screening for caregiver risk factors, such as alcohol and drug use then taking action is a key intervention opportunity. To receive federal Child Abuse Prevention and Treatment Act funding, the federal government requires states to implement policies ensuring the safety of infants born and identified as being affected by substance abuse or withdrawal symptoms. Because of this, New Mexico enacted legislation and now requires a plan of safe care before discharging infants to the caregivers of newborns. Targeting prevention services at families with alcohol and drug use, while not punishing them, is likely to have a substantial impact. However, the state has been slow to implement plans of safe care and there is very little data indicating how broadly safe care is being used within healthcare settings or whether families access support services, such as Home Visiting, after birth.

SafeCare. Not to be confused with a plan of safe care and formerly known as Project 12-Ways, SafeCare is an evidence-based parent-training curriculum for parents who are at-risk or have been reported for child maltreatment. Trained professionals work with at-risk families in their home environments to improve parents' skills in several domains, such as planning and implementing activities with their children, responding appropriately to child behaviors, improving home safety, and addressing health and safety issues. SafeCare is generally provided in weekly home visits lasting one to two hours. The program typically lasts 18-20 weeks for each family

Workforce and Capacity

Chronic workforce shortages plague New Mexico's child welfare system, with high demand for social workers, caseworkers, and investigators. Much of the workforce shortage is due to poor recruitment and retention because working in the child welfare system is stressful, exposure to trauma is common, and the job is emotionally taxing. Additionally many people recruited into the system have a skills mismatch and leave due to a lack of training. A 2020 LFC report found CYFD regions with the highest caseloads also had the highest rates of short-term placement in foster care and highlighted federal research showing staffing shortages have a detrimental effect on caseworker abilities to make well-supported and timely decisions regarding children's safety.

A recent CYFD workforce development plan and survey noted Protective Services staff ranked workload, self-care, and compensation as the most pressing challenges facing staff. Another highly ranked challenge was related to organizational factors, with many respondents feeling that rules, policies, and procedures are not interpreted and applied consistently. The plan also notes the expense of onboarding a new employee of between $12.8 thousand and $25.7 thousand. For investigations, the department set a goal to not exceed more than 12 active cases per worker by 2023 and estimated it would take an additional 64 FTE to reach this goal. In the below table the standards do not take into account differences in the complexity of cases.

Estimate of Protective Services Workers Needed to meet Benchmarks

	Benchmark	Additional FTE to meet Benchmark
Investigations	12 Active Cases	64.3
Permancy Planning	15 Children	-32.8
Placement	25 Licensed Families	54.2
In-Home Services	8 Active Families	No Estimate
Total		**85.7**

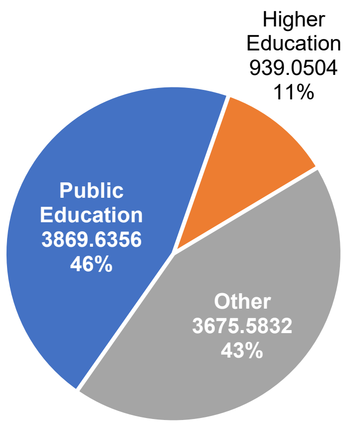
Source: CYFD Workforce Development Plan

The National Child Welfare Workforce Institute says the components of a healthy child welfare workforce include manageable workloads, competitive salaries and benefits, positive organizational cultures, access to education and professional development opportunities, effective leadership, strong community partnerships, and inclusivity. The CYFD workforce development plan would address many of these issues. Additionally, the Legislature appropriated $50 million to higher education institutions to increase the pipeline for social work graduates.

For more info:

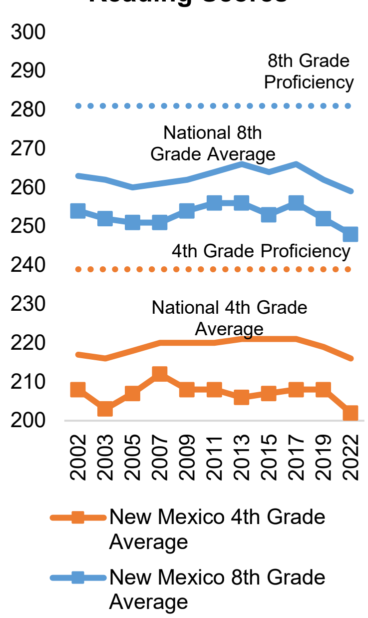
Public Education Performance Page 96

FY23 General Fund Appropriations
(in millions of dollars)



Source: LFC Files

National Assessment of Education Progress Reading Scores



Source: U.S. Department of Education, Institute of Education Sciences, National Center for Education Statistics, National Assessment of Education Progress

New Mexico's education system should ensure students have skills and confidence to be college and career ready. However, the pipeline from prekindergarten into college and high-need career fields is not coordinated and is not addressing workforce needs quickly. The Legislature has made high-impact investments in programs such as extended learning and the science of reading, but these initiatives are years away from yielding measurable results. In the near-term, the state must address a myriad of student needs, including pandemic-related learning loss and increasing mental health needs. Challenges are particularly acute for older students who have less time to make up for learning loss before moving on to college and career. At the same time, both public and higher education institutions face an environment of declining enrollment as the state's population ages and birth rates fall.

The Legislature allocates $4.8 billion, or 57 percent of general fund appropriations, to education annually, and the state is the largest funding source for public schools and higher education institutions. According to the U.S. Census Bureau's *2020 Annual Survey of School System Finances*, New Mexico ranks 28th in the nation for revenue per pupil and fifth in the nation for the share of school revenue attributable to state sources. Despite the state's significant participation in financing the education system, New Mexico continues to rank near or at the bottom of national measures of reading and math achievement.

Student Outcomes

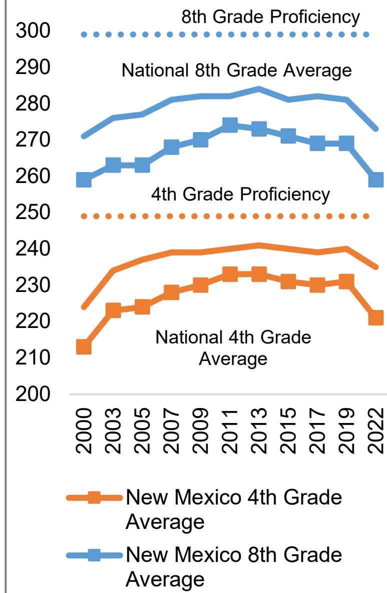
New Mexico students are completing high school at higher rates, but many are less prepared for success post graduation. While investments in early education seek to improve student achievement, outcomes will not be known for many years. Older students have been hard-hit by the pandemic, both academically and in mental health, and they have the least amount of time to make up learning losses that occurred over the past two years.

Student Achievement

Following decades of progress, national assessments show academic achievement outcomes worsened considerably during the Covid-19 pandemic. Scores from the biennial 2022 National Assessment of Educational Progress, which examines longitudinal student achievement, showed fourth grade reading scores declined nationally by 5 points and math scores fell by 7 points in 2022 compared with 2020. This is the largest average score decline in reading since 1990, and the first ever score decline in math since the test was administered in the 1970s. Reading and math scores dropped for all student groups, with the largest declines in achievement for the lowest performing student groups. Like most states, New Mexico was not prepared for school closures and remote learning, which limited access to education for younger and more at-risk students. Given existing, significant, and chronic achievement gaps, New Mexico has more ground to cover than other states in academic recovery.

Assessing the pandemic-created learning loss in New Mexico is difficult due to a lack of benchmark student test data. After a two-year hiatus from standardized testing during the pandemic, New Mexico administered a new assessment in FY22, the Measures of Student Success Achievement (MSSA) test. Although MSSA's results, as a novel test, are not comparable with its predecessor, PARCC, MSSA now includes interim, short-cycle tests to help educators and policymakers monitor academic progress more frequently. Overall student reading and math proficiencies on MSSA were 34 percent and 25 percent, respectively—an increase from the FY19 PARCC reading and math scores of 33 percent and 20 percent. The improvement in student performance over prepandemic levels is likely inaccurate; however, the state has few other academic metrics to determine outcomes. MSSA will be a key tool for tracking progress as the state develops an action plan to improve student outcomes, and New Mexico should continue using MSSA as a consistent benchmark, rather than changing assessments over time.

National Assessment of Education Progress Math Scores



Source: U.S. Department of Education, Institute of Education Sciences, National Center for Education Statistics, National Assessment of Education Progress

Attendance and Engagement

Following school closures during the Covid-19 pandemic, student chronic absenteeism doubled to 30 percent, meaning nearly a third of students missed more than 10 percent of school days. Previous LFC analysis found a relationship between absenteeism and lower test scores, and the Public Education Department's (PED) analysis of recent MSSA data finds similar drops for students with lower attendance rates. Given challenges in taking attendance during the pandemic, the state should consider sharpening measures of student engagement, such as tracking if a student missed school for school-related activities, rather than solely attendance. The state needs to more effectively identify students in need of intervention, particularly due to Attendance for Success Act requirements for school-level supports to chronically absent students.

While teachers play a significant part in student attendance and student mental health, counselors, social workers, and school psychiatrists play pivotal roles in student supports. However, most providers carry large caseloads and often provide

A Closer Look: Albuquerque Public Schools

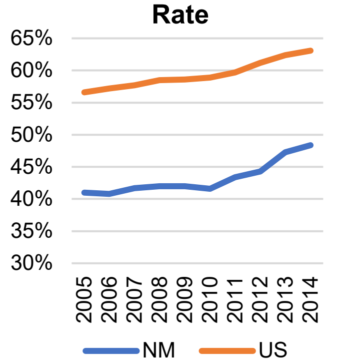
Albuquerque Public Schools (APS), the largest school district in New Mexico, drives overall trends in enrollment, funding, and performance in the state. Like many districts, APS continues to face decreasing enrollments, requiring increased efficiencies in the district's workforce, facilities footprint, instructional practices, and oversight functions.

A 2022 LFC evaluation of APS found significant growth in operational revenue and cash balances in recent years, despite declining enrollment and low academic outcomes. The district employed more staff than required by the state or APS formula but saw higher staff vacancies at low-income schools and more special education vacancies than the state. APS facility space grew over time, but repair needs were more pronounced for low-income schools. The district is piloting its own extended learning program but has not fully participated in a similar state program. In addition, APS needs to strengthen financial and programmatic practices to reduce fraud and adequately serve at-risk student populations.

administrative, rather than behavioral health services. The national recommended ratio of students to social workers is 250:1 and 50:1 for students with intensive needs. New Mexico falls far under this ratio, averaging roughly 513 students to each social worker and 401 students to each counselor.

While schools have also leveraged over $16.5 million from federal pandemic relief for mental health support, the state can still improve supports for student and teacher mental health. The state should look toward expanding higher education pipelines to increase the number of school-based mental health providers, while increasing pay and other recruitment methods. Mental health supports can improve student attendance and achievement, leading to stronger graduation rates and educational attainment after high school.

Six-Year Bachelor's Degree Graduation Rate



Source: NCES

Educational Attainment

New Mexico has long recognized the importance of educational attainment in improving living standards. For nearly two decades, New Mexico high school students went to college at a higher rate than their national peers. The high college-going rate was driven in large part by New Mexico's leadership in college affordability, enabled in part by the legislative lottery scholarship. However, while New Mexico students are more likely to begin college, they are also less likely to complete. The proportion of the population with a bachelor's degree ranks 39th in the nation, pointing to challenges in student retention and completion.

Overall, New Mexico students graduate at lower rates and with longer completion times than their national peers. Data show New Mexico students at two-year colleges continue their studies at roughly the same rate as the U.S. average, but students at four-year institutions are more likely to discontinue studies prior to degree attainment. Part-time students are significantly less likely than full-time students to persist across semesters. Associate degree completion rates are slightly longer than the national average; 26 percent of New Mexico students complete the degree within three years, compared with 31 percent of students nationally. Roughly 48 percent of New Mexico students complete a bachelor's degree within six years, compared with the national average of 63 percent.

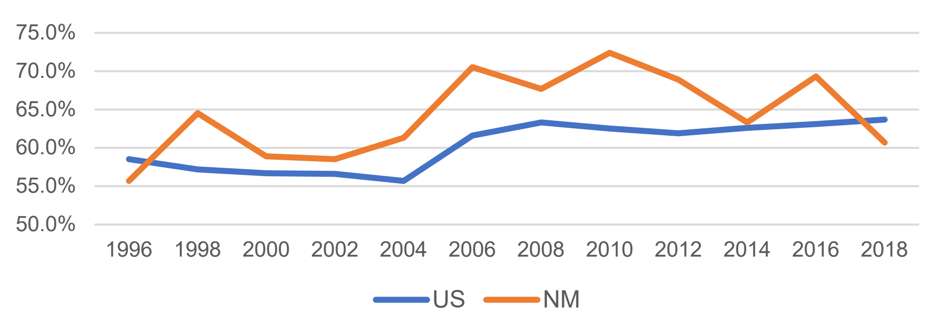
New Mexico Income by Education Level

Level	Income
No H.S.	$22,117
H.S. or Equivalent	$32,058
AA/Some College	$36,168
Bachelor's degree	$49,976
Graduate degree	$69,168

Source: U.S. Census Bureau

The failure of New Mexico students to complete their studies has lifelong negative impacts. According to the U.S. Department of Labor, median weekly earnings of an individual with some college are 11 percent higher than an individual with a high school diploma; a bachelor's degree holder's income is 64 percent higher.

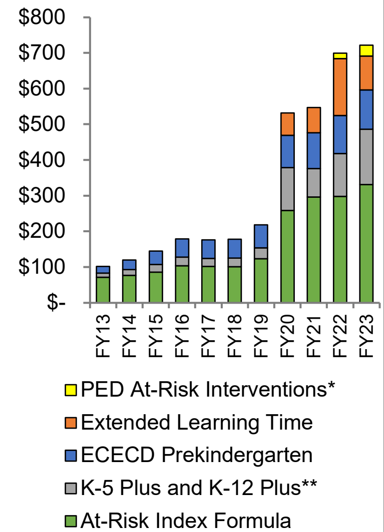
College-Going Rate of High School Graduates



Source: NCES

Higher education officials from faculty to institution presidents note New Mexico students are not academically prepared to succeed in college and often lack support systems needed to help them persevere and graduate. While many of the stresses faced by students in higher education have a financial component, the past two decades show tuition assistance alone is not enough to increase educational attainment for New Mexico students. The wide disparity between four-year completion rates for New Mexico students compared with the national average puts the state at a competitive disadvantage in the region. Without high-skilled workers, business development is limited, and growth in the state is constrained. As such, the state should consider improving the quality of education earlier in a student's academic journey to adequately prepare them for college and careers.

At-Risk Student Program Funding
(in millions)



*Includes family income index
**Includes tribal and rural extended learning

Source: LFC Files

Promoting Access to Quality Education

Since FY18, the Legislature has invested heavily in improving student achievement and college and career readiness. Despite providing funds for evidence-based programs to close achievement gaps, public schools have not adequately accessed state resources. At higher education institutions, financial aid investments have boosted enrollment but have yet to affect college completion rates.

Martinez and *Yazzie v. New Mexico*

In response to district court findings in the consolidated lawsuits of *Martinez v. New Mexico* and *Yazzie v. New Mexico*, the Legislature has significantly increased funding for educating students at risk of failing, educator pay, and early childhood programming, along with expanding extended learning time opportunities. Filed in 2014, the lawsuits argued the state had failed to provide a uniform and sufficient education for all students. The 1st Judicial District court ruling in 2019 ordered the state to provide schools with the resources (such as instructional materials, properly trained staff, and curricular offerings) necessary to give at-risk students the opportunity to be college and career ready. The court also ordered the state to establish an accountability system that could measure the efficacy of programs and assure local districts spent funds efficiently and effectively to meet the needs of at-risk students

As part of its response to the court's findings, the state expanded its existing instructional time intervention, K-3 Plus (now K-5 Plus), which allows elementary schools to add 25 days, and created a new Extended Learning Time (ELT) program, which allows any school to add 10 days, afterschool programming, and 80 hours of professional development. Despite these investments, participation in K-5 Plus and ELT continues to fall short of appropriation levels.

LFC Online: Understanding Government Finances

Finance Facts: Public School Funding Formula

Although the state is the primary funder of public schools in New Mexico, school districts and charter schools have local discretion over budget priorities and programs. This provides flexibility to address unique regional circumstances but can complicate efforts to implement uniform standards or programs statewide. As the *Martinez*-*Yazzie* court order explicitly holds PED responsible for ensuring that schools budget funds and operate programs in a manner that address at-risk student needs, PED should use interim assessment data to drive oversight decisions on schools that fall short.

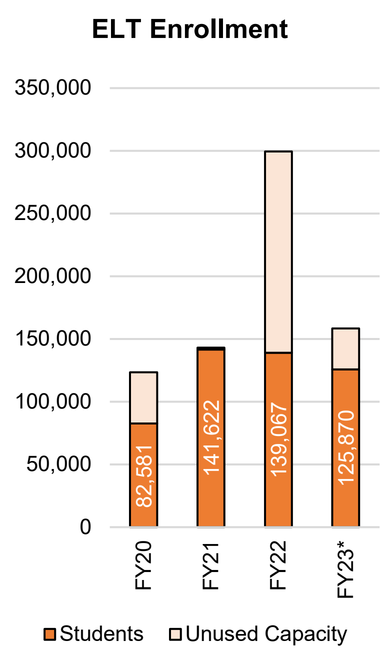
A Closer Look *Martinez-Yazzie* Funding Sufficiency

In the *Martinez-Yazzie* decision, plaintiffs argued the state could use a 2008 American Institutes of Research (AIR) study that estimated the financial cost of providing a sufficient education in New Mexico as a benchmark to fund the public school system. The court noted the Legislature could use the AIR methodology as a benchmark but was dismissive of the study, noting it amounted to a collective "wish list" of education reforms. Rather than define what would be sufficient, the court deferred to the legislative and executive branches to determine both input and outcome sufficiency.

The LFC's 2022 education note on *Martinez-Yazzie* funding sufficiency found FY23 appropriations for public schools surpassed the AIR funding benchmark for recurring funding formula targets by 6 percent, or $220 million. Since the court ruling, New Mexico has invested more than $1 billion into schools, targeting resources for at-risk students, evidence-based programs, and teacher salaries among other areas. Implementation and oversight challenges remain hurdles to improving poor student outcomes, including efforts to extend the school year—an intervention recommended by both the AIR study and court ruling.

Extended Learning

Since FY21, participation in K-5 Plus and ELT programs has waned, and schools have forgone over $400 million of available state funding for these interventions. School closures during the Covid-19 pandemic reduced instructional time for all students and further exacerbated existing achievement gaps for at-risk student groups. Despite this lost instructional time, attempts to require statewide participation failed, and schools continue to opt out of both programs.



*Projected as of 6/27/22

Source: PED

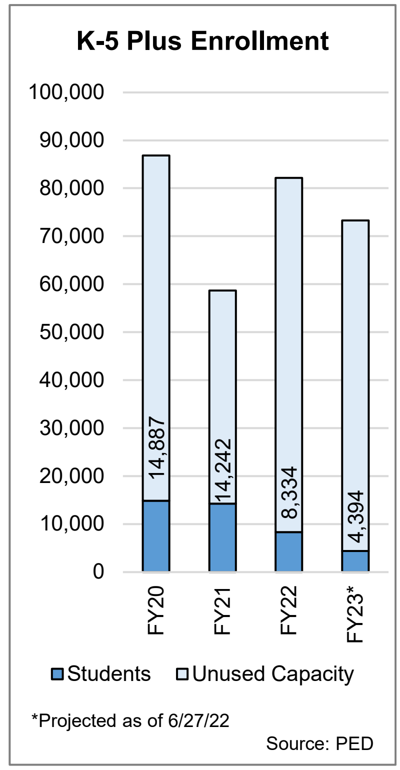
The General Appropriation Act of 2022 provides $279 million in recurring formula-based appropriations for K-5 Plus and ELT for FY23, including additional salary incentives and transportation funds for participating schools. Teachers could earn nearly 23 percent more pay for additional days of teaching. Despite significant compensation incentives for additional time, educators pushed back on extending school calendars for instruction.

Adoption of K-5 Plus and ELT has been slowed, in part, by concerns about educator burnout during the pandemic, and pandemic-related schedule disruptions and changes in directives. School officials and community stakeholder groups continue to advocate for increased flexibility in program designs and local decision-making on providing additional time. While most stakeholder groups agree more instructional opportunities can benefit students, many note the quality of instruction and how time is used is just as important than the quantity of time.

Faithful implementation of learning time programs statewide has also been plagued by statutory loopholes, given the existing mixture of hourly requirements for instruction, days for K-5 Plus and ELT programs, and choice in weekly schedules. For example, Central Consolidated Schools switched from a five-day school week to a four-day school week and added K-5 Plus days to keep the same schedule with more funding. Elementary schools adding hours through additional days can still reduce instructional hours (given only a 990 hour minimum) to offer early release days every week. As such, solutions must consider these loopholes and be designed to substantially change instructional practice rather than merely encourage compliance. Making additional time and funding available to schools will create opportunities for educators to provide the robust curricular offerings that students need.

Responsive and Appropriate Curriculum

To improve college and career readiness, the Legislature has given significant attention to curriculum and program developments in bilingual education, early literacy, career technical education (CTE), and dual-credit programs that allow high school students to earn high school and college credits at the same time. These investments can bolster student engagement, improve life skills, and support postsecondary pathways through responsive and relevant programming.



New Mexico's CTE programs have emphasized healthcare, information technology, manufacturing, and agriculture, with over 60 thousand students enrolled in CTE programs each year. Students in CTE courses are more likely to graduate from high school than their peers and attain work skills applicable to industry needs. Given demand for skilled workers following pandemic-related disruptions, schools have increasingly formed partnerships with local industries to develop CTE infrastructure for programs. To prepare students for growing workforce demands, the state should consider ways to foster partnerships between schools, higher education institutions, and industries to create strong pathways for students.

Many students enroll in a dual-credit course to meet high school graduation requirements, and the Legislature appropriated $4 million in FY23 specifically for dual-credit reimbursements to higher education institutes. In FY21, 16.6 thousand individual students enrolled in 44.4 thousand dual-credit courses offered via 27 college and university campuses, with 60 percent of courses offered online. Students also take a variety of dual-credit courses, ranging from health sciences to college readiness. While students enrolled in dual-credit courses show a modest increase in graduation rates, 12 percent of students receive a grade of D or F.

Previous LFC reports note dual-credit programs have not expedited college completion. HED should look into which courses have the highest rates of failure and college-going success, which public schools have best practices for implementing dual-credit programs, and how dual-credit programs could be more effectively used to support students who might not otherwise attend college. The state should also consider if dual-credit continues to be a meaningful graduation requirement.

A Closer Look Bilingual Multicultural Education

One of the key deficiencies in the *Martinez-Yazzie* lawsuit ruling was the state's failure to implement provisions of the Bilingual Multicultural Education Act, which provides for all students to become bilingual and biliterate in English and a second language through bilingual multicultural education programs (BMEP). Despite increased funding for BMEP in recent years, fewer students are participating in programs and their proficiency in a second language is decreasing.

LFC's 2022 evaluation on BMEPs found most students participating in programs were falling short of bilingual and academic standards in all subjects. The evaluation also found the Public Education Department (PED) failed to provide BMEPs with adequate technical assistance, lacked sufficient monitoring of BMEP outcomes, and did not require training for BMEP personnel. Despite reported chronic vacancies for bilingual educators, the evaluation found New Mexico had 4,055 bilingually-endorsed teachers but only 806 were teaching in a BMEP. Many teachers cited a lack of appropriate training and materials as reasons for not teaching in a BMEP, noting they would be required to develop their own curriculum and materials to meet standards.

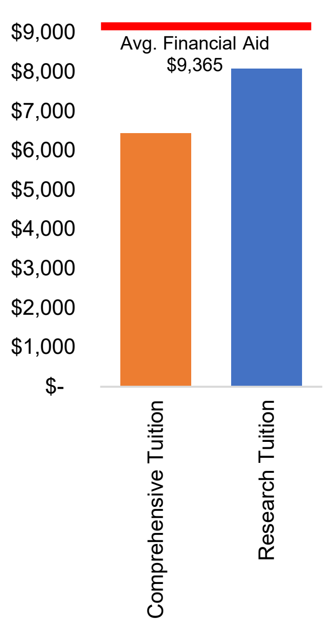
Science of Reading

For FY23, over 6,000 teachers are enrolled in a training in the science of reading and associated teaching methods called Language Essentials for Teachers of Reading and Spelling (LETRS). PED opted for LETRS, a privately owned program costing PED $1,200 per teacher trained, in part because LETRS was one of several initiatives implemented by the Mississippi Department of Education in 2014 that led to dramatically improved national reading scores by 2019.

Given the use of new reading assessments and the relative newness of LETRS training, the Legislature should watch carefully to see if LETRS has intended outcomes on reading assessments in the next two to three years.

With 30 percent of adults reading at low literacy in New Mexico, the state should also look towards adult literacy initiatives, as research shows adult literacy rates in communities significantly impact children's' reading proficiency.

Tuition Versus Financial Aid By Institution Type



Source: College Board

Access to Higher Education

Federal data show New Mexico students pay the least amount of tuition and fees in the region, and state tuition costs at two- and four-year institutions are roughly half the national average. Additionally, many of the 26 higher education institutions located across the state do not require minimum high school grade point averages or standardized tests for admission. Low tuition, a large number of institutions, and flexible entrance requirements make access to higher education both affordable and attainable.

Average Tuition and Fees Paid by Full-Time Students 2021 Academic Year

Institution	New Mexico	Arizona	Colorado	Oklahoma	Texas	Utah
4-Year	6,437	9,501	8,173	7,456	8,064	6,668
2-Year	2,200	2,196	4,181	4,843	4,352	4,086

Source: IPEDS

The focus on affordability reflects New Mexico's position as the fourth-poorest state in the nation with a median income of $25.9 thousand, well below the national median of $31.1 thousand. The state recognized the benefits of higher education and challenges faced by students and created a comprehensive financial support system beginning with the lottery scholarship in 1996. The legislative lottery scholarship pays tuition costs for recent high school graduates who go directly from high school to college full time and maintain a 2.5 college grade point average. According to the College Board, the average financial aid package received by New Mexico students in 2021 was $9,365—already greater than the average cost of tuition. The robust financial aid offered by the state encouraged many New Mexicans to pursue higher education, and the state outperformed the nation in the college-going rate.

However, the requirements for lottery eligibility excluded many New Mexicans and, in 2022, the Legislature passed the opportunity scholarship to expand tuition assistance to returning and part-time students. The opportunity scholarship will cost approximately $100 million per year and is funded in FY23 with $12 million in recurring appropriations and $88 million from nonrecurring sources. At the beginning of the 2022 academic year, the Higher Education Department reported an enrollment increase over the prior year of 1,849 full-time students statewide. If this new enrollment is entirely attributable to the opportunity scholarship, the annual average cost would be approximately $54 thousand per new full-time student.

Neither the opportunity nor lottery scholarships have an income cap, so eligible students receive scholarships regardless of family income. Additionally, both scholarships may be reduced to reflect available revenue. A reduction in scholarship amounts would fall disproportionately on lower-income students who do not have the financial means to backfill a loss of scholarship funds. Moving forward, the state must determine how best to help students succeed in higher education given finite resources.

The opportunity scholarship will certainly affect enrollment but may reduce the state's ability to make other investments in student support and quality of public schooling prior to college. A number of institutions noted major barriers to graduation include students being unprepared for college-level courses, confusion about course and major selection, and mental health challenges. Funding student support services to address these areas will be key to improving outcomes.

For more info:

Higher Education Performance Page 100

Success in Education Pipelines

Quality Teaching and School Leadership

Since FY19, New Mexico has made investments in the teaching profession, including changes to licensure and evaluation requirements, increased salaries for teachers, and investments in preparation programs and financial aid for educators. These programs are aimed at three recurring and persistent concerns: how to grow the educator workforce, how to amplify teacher quality, and how to remove barriers to entry into the teaching profession. More teachers are now entering New Mexico's workforce; however, the state needs better ways to measure high-quality teaching and monitor how investments are improving the quality of instruction.

Growing the Educator Workforce. Since FY11, enrollment in educator preparation programs has declined by 75 percent, from nearly 6,000 students to 1,596 students in FY21. While the majority of colleges of education report increased fall 2022 enrollments near or surpassing prepandemic levels, enrollment has still decreased significantly over the past 10 years. Colleges of education cite renewed engagement in teaching due to student-teaching stipends, increased teacher pay, and programs focused on degree completion for potential teachers. Additionally, the Legislature appropriated $50 million for endowments for teacher education programs. These funds were distributed to colleges statewide to support faculty expansion and additional student slots.

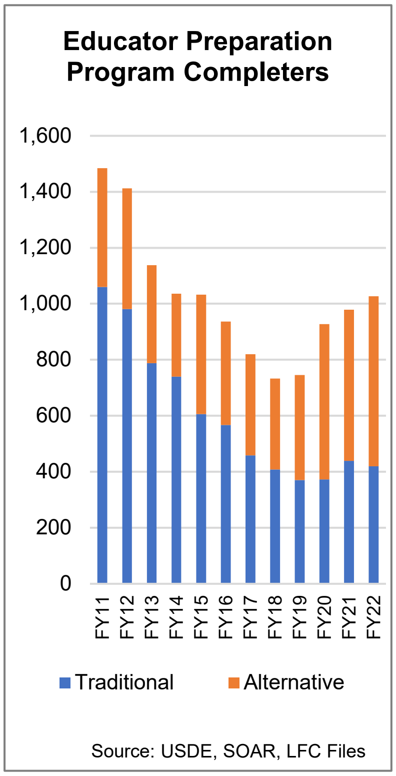
Teacher Residencies

Teacher residencies provide a year-long teaching mentorship while a student completes or has recently completed an educator preparation program. New Mexico's residencies, in step with demographics of residencies nationwide, demonstrate a more diverse cohort than the current teaching workforce. Teachers who have gone through a residency program are also more likely to stay in the teaching workforce after 5 years than teachers who do not complete a residency.

In New Mexico, residents expect to begin a minimum 3-year contract with their district of residency.

Legislative investments in pipeline expansion programs has included $15.5 million for teacher residency programs, $6 million for student teaching stipends, $20 million for teacher preparation affordability scholarships, $4 million for Teach Up pilots to recruit nontraditional students into teaching, and $500 thousand for grow-your-own programs that support educational assistants pursuing teacher licensure. Additionally, PED used $37 million from federal pandemic relief funds to create an educator fellows program, which provides stipends for individuals who have partial degree completion to finish undergraduate degrees in education while working in schools.

Teacher residencies, considered the gold standard of preparation, are more costly than other pipeline initiatives across the state. About 375 New Mexico teacher residents, who learn to teach under a master teacher while finishing their degrees, will receive a $35 thousand stipend in FY23, compared to 500 students receiving a $10.5 thousand stipend for 16 weeks of student teaching, 2,700 awardees receiving a $6,000 teacher preparation affordability scholarship, and 180 educators receiving a $6,000 stipend in grow-your-own programs. By FY23, these programs will have placed over 1,700 education program students directly into classrooms, contributed to degree completion for at least 700 students who otherwise may not have completed degrees, and financially supported 4,300 students seeking or completing an education degree. While these programs have successfully recruited more students into education fields, the Public Education Department (PED), Higher Education Department, and schools should consider whether these investments are cost-effective ways to keep teachers in New Mexico and serve high-need areas.



Recruitment and Retention. An August 2022 survey of school districts by PED showed 706 total teaching vacancies in the state, down almost 300 from July 2021, with higher vacancies in special education, secondary math and science, and bilingual education. PED data from June 2022 also shows licensure applications increased from 2,869 in FY21 to 5,197 in FY22, likely related to salary increases and the tapering pandemic. While many schools report salary increases have bolstered recruitment within the state and from neighboring states, rural districts continue to face significant trouble with housing for teachers and competing with similar pay scales at more attractive, urban districts.

The state does not provide incentives to teach in high-need subjects or high-need geographic areas, though individual schools may choose to offer stipends or retention bonuses. To directly address shortages in rural districts and high-needs areas, New Mexico should consider differentiated pay or incentives for hard-to-staff or chronically understaffed positions, such as special education. Thirty-three states offer some form of differentiated pay in high-needs areas. Texas, Utah, Colorado, and Nevada offer stipends ranging from $3,000 to $5,000.

PED will also replace Praxis teacher licensure exams with a portfolio-based system, which will likely increase the number of eligible candidates. Praxis exams, used in 46 states, are a battery of tests designed to evaluate basic subject content knowledge. They can cost up to $700, a financial barrier for some candidates, and have also shown that white applicants are more likely to perform better than minority applicants. Pass rates on the FY21 Praxis core academic exams ranged from 61 percent for writing and 83 percent for reading.

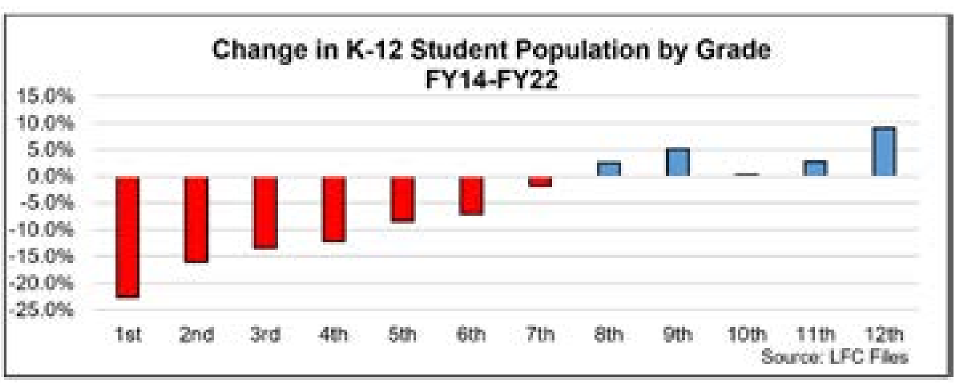
School Leadership. For FY23, the Legislature also appropriated $2.5 million to PED to support principal professional development. Approximately 270 principals, 20 percent of principals in the state, participated in one of PED's three programs. As research shows school leadership is one of the key factors impacting school culture and retention, the state should consider how to further ensure principals are prepared for school management and instructional leadership and provide incentives for aspiring principals to enter and stay in the profession.

Promoting Efficiencies

School Cash Balances

School districts and charter schools budgeted an all-time high of $525.5 million in unrestricted cash balances carried over from FY22 to FY23. Statewide cash balances grew by $76.5 million, or 17 percent, from the prior year and now represent 14.3 percent of FY23 program cost.

According to the state demographer's office, New Mexico's population growth is projected to remain flat for the next decade due to declining birth rates and younger families leaving the state. With declining enrollments and volatile fiscal conditions, schools and institutions need to right-size operations to sustain services and facilities over the long-term.



Public Education Enrollment

For the last decade, public school enrollment has steadily dropped roughly 1 percent each year. Decreases are more pronounced in early grades because declining birth rates have chipped away at incoming kindergarten cohorts. School closures during the pandemic further exacerbated enrollment declines, and the state has not yet recovered to prepandemic enrollment levels. Total statewide enrollment has dropped by 14.8 thousand students, or 4.6 percent, since the pandemic. As each graduating cohort continues to shrink, higher education institutions will also see fewer enrollments moving forward.

LFC Online: Understanding Government Finances

Finance Facts: Lottery and Lottery Scholarship

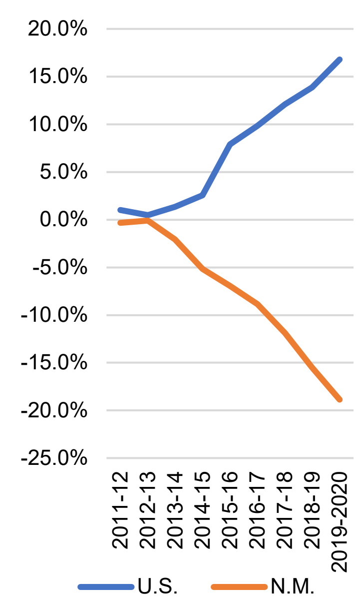
Higher Education Enrollment

Higher education institutions nationwide faced declining enrollment over the past decade, and the decline in New Mexico, aside from the increase for fall 2022, has been particularly acute. Despite a relatively generous financial aid package, college enrollment of New Mexicans has fallen by more than twice the national average.

Enrollment trends at public two-year and four-year institutions differ significantly. Nationally, two-year institutions lost nearly 30 percent of enrollment, similar to the loss of 27 percent experienced by New Mexico institutions. However, four-year institutions nationally experienced enrollment *growth* of 17 percent over the past decade while New Mexico four-year institutions *lost* 19 percent of enrollment.

The Legislature recognized the enrollment challenges and required all New Mexico colleges and universities funded through the higher education formula to submit enrollment management plans in order to receive their full FY23 budget allocation. The plans were to include enrollment projections for the fall 2025 and fall 2027 semesters. Based on the projections submitted, the schools expect an increase of 7.2 percent on average by FY25 and a 10 percent increase by fall 2027. Even if each school reached the projected target, total enrollment would be 44 thousand, less than the all-time highs experienced by each college.

U.S. and New Mexico Public Four-Year Enrollment



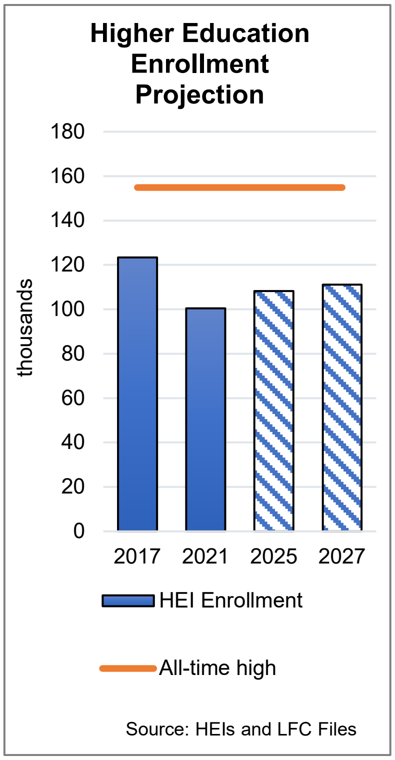
Source: IPEDS

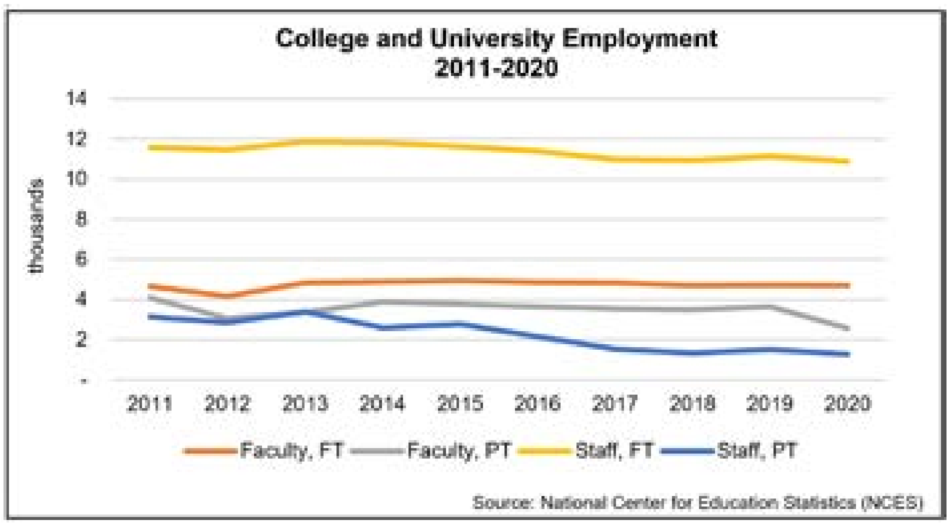
Higher Education Staffing and Facility Needs

Moving forward, colleges and universities must create efficiencies in their delivery of high-quality education and student supports. While institutions expect tuition-free college will help increase enrollment, the anticipated increase is modest at 10.5 percent by fall 2027.

The reduction in enrollments led schools to reduce staff. Between 2011 and 2020, New Mexico colleges shed nearly 4,000 faculty and staff positions. The reduction in employment was focused on part-time faculty and staff, which fell by 37 percent and 59 percent respectively. Full-time faculty positions increased by 1.5 percent, while full-time staff positions fell by 5.9 percent.

Staffing levels have fallen, but the decline has not kept pace with the decline in enrollments, leaving excess capacity in many courses. Low course fill rates may be exacerbated by duplication in offerings, particularly in online general education courses. A number of institutions noted online learning has made it possible for students to take courses through multiple different institutions in the same semester, and this trend is becoming more prevalent. Inter-institutional online course sharing could be a way to reduce duplication and increase course access.





Institutions must also consider the need for physical space. Despite enrollment declines over the past decade, the size of campuses increased from 18.3 million square feet to 20.3 million in 2021. A number of programs are offered exclusively online and many students, even traditional students living on campus, opt to take some courses online.

Satellite Locations

Despite the overwhelming trend toward remote learning, a number of institutions still have satellite locations. For example, Luna Community College operates three satellite campuses in Mora, Springer, and Santa Rosa. While no in-person instruction is delivered at these facilities, they do provide internet access for students to participate in courses remotely.

Higher Education Funding Formula

The higher education funding formula is used to distribute "new money" to institutions. In 2013, the formula changed from counting mostly enrollment and building square footage to outcome-based, driven primarily by degree completions and course credit hours delivered. The funding formula originally included a redistribution component meant to reallocate funding from underperforming institutions to their better-performing peers. However, this component was removed during the 2022 session, and thus, the funding formula is a base-plus formula that provides the same base funding regardless of enrollment changes.

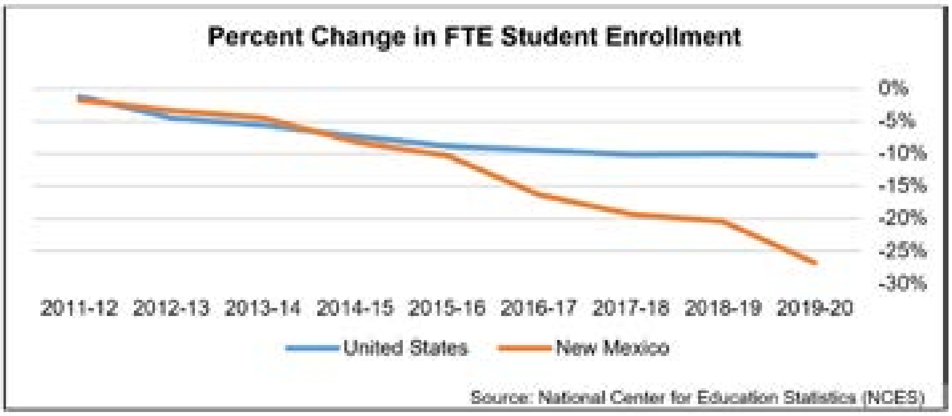
The transition to the outcomes-based formula was designed to incentivize institutions to improve performance by directing resources to priority areas. For the coming year, the Legislature could prioritize specific changes to address workforce preparedness, enrollment, and transfer student success.

Workforce Credentials. The funding formula uses degrees in science, technology, engineering, mathematics, and healthcare (STEM-H) as a proxy for workforce development programs. This approach leaves out a number of programs offered specifically by two-year institutions in high-demand fields, such as trades. The formula could be changed to recognize the award of these degrees and provide a greater incentive to institutions to offer this kind of workforce training.

LFC Online: Understanding Government Finances

Finance Facts: Higher Education Funding

Student Credit Hours. After years of declining enrollment, New Mexico colleges and universities are experiencing enrollment growth. However, this growth is not uniform and enrollments are declining at some institutions. Measuring student credit hours delivered can direct new money to those institutions with the largest student increases.



Falling Enrollment

At Central New Mexico Community College (CNM), the number of filled course seats fell by 25 percent while the total number of instructors fell by 10 percent between 2017 and 2021 resulting in more under-filled courses being offered. CNM estimates the annual cost of delivering the undersubscribed courses to be approximately $1 million.

Transfer Success. Many students begin their higher education at a two-year institution and then transfer to a four-year institution to complete a bachelor's degree. However, the number of students who successfully transfer and complete their four-year degree could be improved. Increasing the current measure for transfer students may provide greater incentive for institutions to support transfer students to help them achieve a four-year degree.

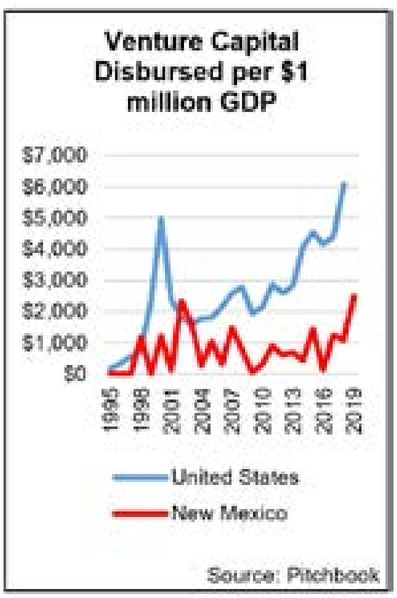
Economic and Workforce Development

For more info:

Economic Development Department Performance Page 108

Total Cost per Job		
	JTIP	LEDA
FY15	$ 5,300	$ 5,000
FY16	$ 6,000	$ 10,400
FY17	$ 12,563	$ 29,200
FY18	$ 8,839	$ 4,025
FY19	$ 8,144	$ 13,272
FY21	$ 4,541	$ 15,688
FY22	$ 7,994	$ 8,000

Source: EDD and LFC Files



LFC Online: Understanding Government Finances

Finance Facts: Business Incentive Programs

Despite growing at a rapid pace following the pandemic, New Mexico's workforce continues to lag behind other states in total employment, wages, and participation. Though state government alone cannot reverse such trends, sound policy and targeted investments can support business activity and expansion. To close New Mexico's economic achievement gap with surrounding states, agencies supporting the state's workforce must improve outcomes in incentives and training programs. Of 100 thousand workers who returned to the New Mexico labor market after the depth of the pandemic job losses, just 6,000 jobs were the result of Economic Development Department efforts.

State Role in Recovery and Beyond

After two years an economy made fragile by an unprecedented global health pandemic, New Mexico is finally on the road to recovery. Tourism to the state has recovered, and the September 2022 employment rate in the leisure and hospitality sector is within one point of the national average for the first time since before the pandemic. However, the state still faces many challenges, and as the main hub for economic development in the state, the Economic Development Department (EDD) bears the responsibility of targeting increased public resources where they are most needed and supporting entities such as the Department of Cultural Affairs and Tourism Department with ongoing development initiatives.

The Legislature made significant recurring and nonrecurring investments in economic development during the 2022 regular legislative session. In addition to over $226 million in one-time money for initiatives ranging from trail building to venture capital investment, the Legislature approved a 20 percent recurring general fund revenue increase to the Economic Development Department for business incubators, local economic developers, and business assistance programs.

Assessing the return on these months-old investments is premature; however, the impact of the department's existing activities on the broader New Mexico economy is also unclear. While EDD exceeded most of its performance targets in FY22, including doubling the number of rural jobs created, many of its targets do not have as clear a relationship to economic growth. For example, the department reports only on jobs promised by businesses benefiting from Local Economic Development Act spending, not actual jobs realized. Without better data, the Legislature cannot accurately identify the extent to which spending on EDD efforts strengthens the economy, or, in some cases, if the spending has any impact at all.

EDD could potentially play a crucial role in the state's economic recovery with the effective use of the expanded spending on business incubators and other business assistance approved in 2022. Small business incubators and accelerators provide startups with targeted support and resources, and studies indicate incubated businesses have a survival rate of 87 percent, while only 44 percent of small businesses that work in isolation survive. EDD should encourage entrepreneurship and startups in the state by leveraging its business incubator and accelerator certification process, which aligns with the International Business Association's best practices.

Business Incentive Programs

The Local Development Act (LEDA) and Job Training Incentive Programs (JTIP) have grown in both scope and significance as legislative funding has increased. As these incentive programs expand, reporting on actual spending and project criteria should also expand.

LEDA, initially created as a modest "closing fund' to attract out of state businesses, has evolved into a multi-million dollar grant fund for everything from a Las Cruces beef jerky company to the Rio Rancho Intel plant. Along with increased investment (the Legislature has appropriated $82 million in the last five years alone) the LEDA statute has evolved, expanding eligibility to retail businesses and allowing local GRT sharing for large projects. In FY22, the LEDA program awarded $27.9 million to businesses in the state, with nearly a third of the total awards directed to rural communities. In total, the average cost per job declined in FY22 to $8,000; a total of 3,226 projected jobs were created, 200 more jobs than in FY21.

Similarly, appropriations to JTIP have grown from $22.5 million for the four years from FY14 to FY18 to $47 million for the three years from FY19 and FY22. The department contends that demand for the program continues to grow and credits the program for allowing companies to rehire throughout post-pandemic recovery. However, because JTIP is distributed as a reimbursement rather than an upfront payment, it has been difficult to track actual spending in the program. For example, the department states approximately $7 million of JTIP funding is unencumbered, but the agency has a fund balance of over $36 million.

Collaboration and Strategic Planning

EDD's economic development plan, produced with a $1.5 million federal grant finds barriers to economic growth that policymakers and economic developers

For more info:
Tourism Department Performance Page 111

One-Time Economic Development Funding at a Glance
(in thousands)

Purpose	2021 Second Special Session	2022 Regular Session
Outdoor Equity Fund	$3,000	
Trails + Grants	$7,000	
Film Academy		$40,000
Local Economic Development Act		$50,000
Venture Capital Investment Fund		$35,000
Federal Grants Administration	$435	$3,500
Local grant management		$1,500
Opportunity Enterprise Fund		$70,000
Job Training Incentive Program		$6,000
MainStreet Capital Outlay Funding		10,000
Subtotal	**$10,435**	**$216,000**
Grand Total	**$226,435**	

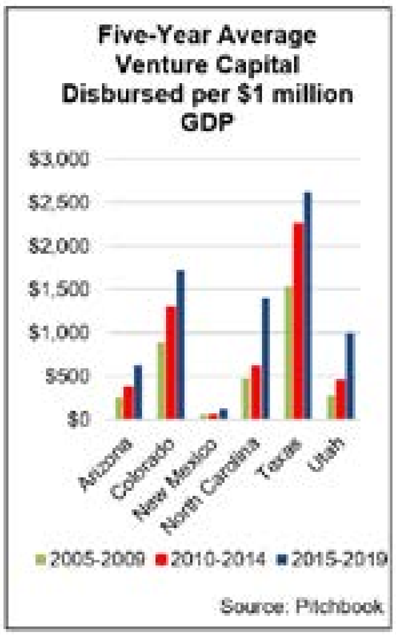
A Closer Look JTIP and LEDA Impact

Appropriations to the Job Incentive Training Program (JTIP) and Local Economic Development Act (LEDA), two of the state's larger economic development incentive programs, are higher than ever, but a November 2022 program evaluation on the incentive programs found JTIP and LEDA projects create fewer quality jobs than projected and, when they don't, the state doesn't always claw back the funds.

While analysis of employment at companies after receiving LEDA or JTIP funding revealed that many do expand and hire new employees; for about one-third of all LEDA agreements and half of JTIP agreements, businesses do not grow as projected at the time of the grant agreement. This has been tempered somewhat by changes in policy by Economic Development Department (EDD) to switch from the historical practice of giving all money awarded through LEDA to the company upfront and instead provide the money in tranches as the company meets milestones. However, inconsistency in pursuing clawbacks when possible under agreements remains, with approximately $4.1 million in foregone clawbacks from agreements between FY16 and FY21.

Film in New Mexico

The film industry has become a top focus of this administration. LEDA has doled out large awards to film partners, including $21 million to Netflix and $7.7 million to NBC Universal. The Legislature also appropriated $40 million in one-time funding for a state-run film and media academy in 2022. For FY24, the department's recurring budget request is again dominated by film initiatives, including $3 million to contract management for the new film academy and $2 million in recurring funding for film-related JTIP.



LFC Online: Understanding Government Finances

Finance Facts: Tax Increment Financing

have lamented for years, including lack of collaboration among stakeholders, difficulties attracting and retaining talent, misalignment between higher education and industry, public sector dominance in New Mexico's economy, and concentration of economy in key sectors.

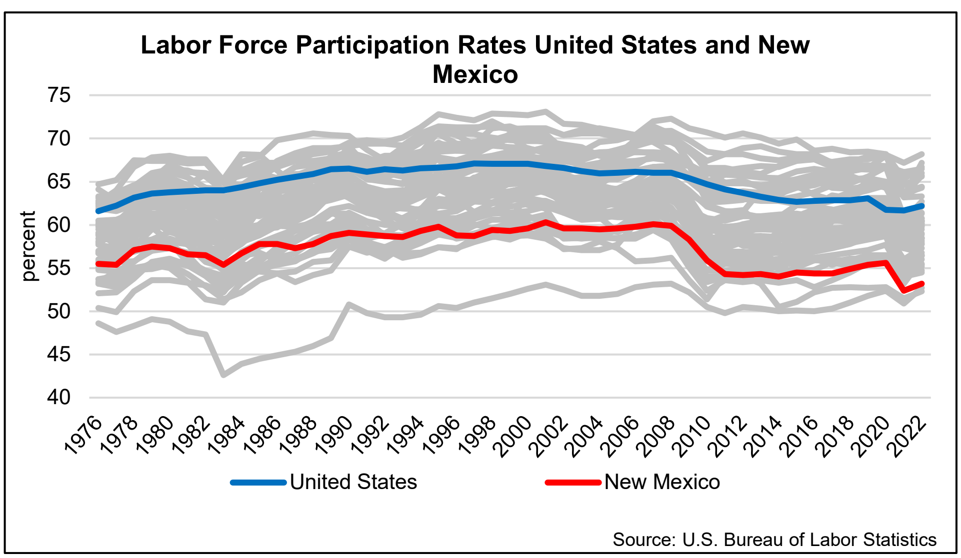
While the plan's specific recommendations for collaboration with higher education institutions are valuable, the department should also focus on collaborating with entities excluded from the plan, such as the Tourism Department and the Department of Cultural Affairs. The majority of the state's museums and historic sites are in rural New Mexico, where even small upticks in economic activity can have a huge impact. When the rural Economic Development Task Force met at the Bosque Redondo exhibit, Fort Sumner's mayor testified the 10 legislative members and guests had provided more business for hotels, restaurants, and shops in two days than the town had seen in the previous three months. Collaboration among departments would increase visibility of the state's cultural gems and, in turn, increase visitation to historic, rural areas that have capacity for more tourists.

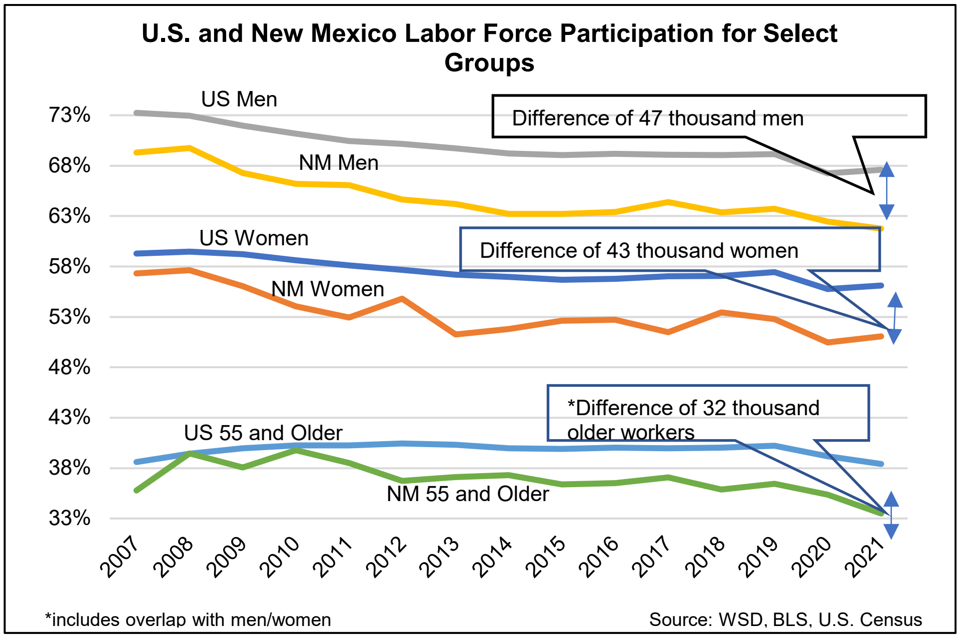
Local Access to Capital

In addition to business incentives, some states support entrepreneurship by lowering the cost of capital through financing, tax incentives, and or connections with regional, national, and international investors. Through legislation enacted in 2022, New Mexico joined Utah, Oklahoma, Maryland, and other states in creating state-managed funds co-investing with private venture capital to expand the capital available for in-state companies. Chapters 21 and 54 create the venture capital program and opportunity enterprise programs, respectively, which use one-time appropriations to the New Mexico Finance Authority to kick-start programs partnering with local venture capitalists. A combined $105 million was appropriated and NMFA is expecting the first investments to begin in FY23. The Legislature should evaluate the performance of the programs before considering additional appropriations for this purpose.

Workforce Recovery

While unemployment rates have largely recovered to pre pandemic levels, the state's labor force is persistently small. Social services, economic development, tax rates, pension systems, the service industry, and virtually every other area of





For more info:

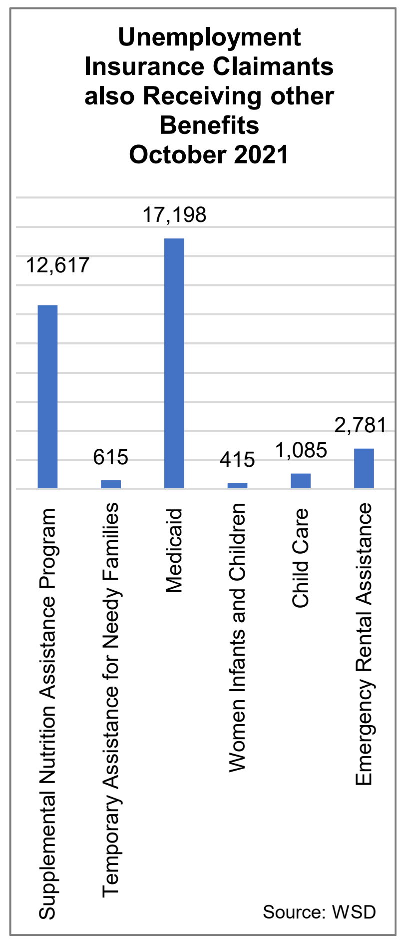
[Workforce Solutions Department Performance Page 113]

the economy is impacted when fewer people are working to support those who do not work. Adding labor force participants is essential. The National Conference of State Legislatures recommends states focus on strengthening workforce attraction, retention, and expansion programs. For example, some states are expanding access to higher education and workforce development programs and working on strategies to keep workers in the workforce by improving mental health access and worker accommodations. Other states are recruiting out-of-state workers by marketing their states as desirable places to live and work.

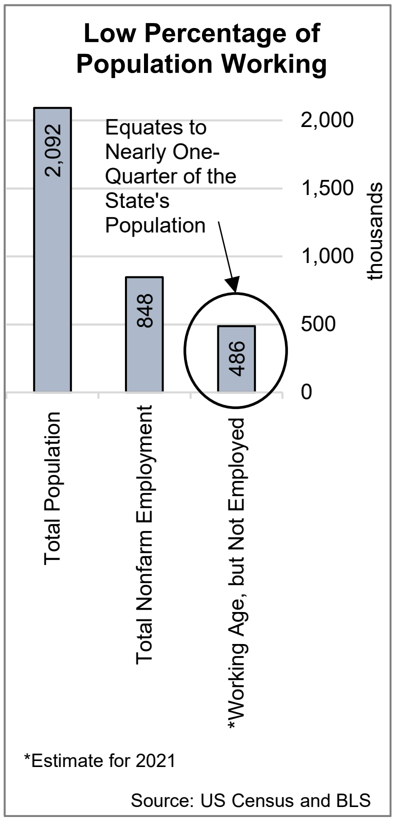
A May 2022 Workforce Solutions Department (WSD) labor force participation study found that labor force participation rates (LFPR) dropped 9 percent between 1999 (peak LFPR) and 2021 for men between the ages of 25 and 34, the largest reduction for any age group and close to double the national decline. In 2021, the LFPR for men in New Mexico ranked third from the bottom nationally.
Also in 2021, New Mexico had the fourth lowest LFPR among women and the reduction between 1999 and 2021 was greatest for women age 35-44 at 5.2 percent. Between 2010 and 2020, participation dropped the most for those with just a high school education followed by those with less than a high school diploma, some college, and bachelor's degree or higher.

The new data flagged areas that could produce long-lasting results, such as focusing on youth employment, improving college enrollment and completion, and empowering disabled people to work. The report stated the reasons for low participation include out-migration of working-age adults, an aging population, and more people receiving disability. The number of people receiving disability between 1999 and 2020 doubled from 31 thousand to 61.3 thousand. Additionally, many people involved in the criminal justice system are not in the labor force and according to the U.S. Census, national employment for these individuals has not recovered to pre-Great Recession levels.

WSD was appropriated $10 million in the 2022 legislative session for adult and youth reemployment and case management services and youth apprenticeships.



However, as of late October 2022, the department had not communicated a plan to LFC or spent any of these funds. Other recent state actions to attract, retain, and expand the workforce include expanding childcare subsidies, adding a return-to-work program for Educational Retirement Board retirees, requiring paid sick leave, and ramping up minimum wage rates to $12 per hour in 2023, possibly prompting more workers to leave the sidelines.



Growing and Training the Labor Force

Two areas where WSD has the opportunity to help grow the labor force is among the state's youth and in postsecondary education. Workforce Innovation and Opportunities Act (WIOA) funding provides a variety of youth services based on the needs of individuals. However, WIOA funding is limited and can only be used to provide services to low-income youth between the ages of 14 and 24 who also are deficient in basic literacy, a school dropout, homeless, a runaway, a foster child, pregnant or a parent, or an ex-offender.

The state funding the department received for youth employment and apprenticeships could be used to expand existing WIOA programs to youth who would not otherwise qualify. This funding could also be used for programs that promote early career exploration and exposure, dual credit, and internships.

In postsecondary education, the department has the opportunity to help support career technical education and other programs by providing case management and other services to students. Addressing the skills gap by aligning these programs with industry is also a must.

In May, LFC held a higher education LegisStat hearing focusing on low enrollment at the state's higher education institutions. Low enrollment may be a sign of a continued or widening of the skills gap between the labor force and industry. These institutions will be challenged to determine what barriers are preventing high school graduates from pursuing higher education, what level of programming is necessary to meet the needs of students, and how to support current students so they can successfully complete their studies. WSD also has an opportunity to work with higher education institutions to promote these pipelines.

New Mexico has some of the poorest health statistics in the nation and access is the lynchpin to improving outcomes. However, to be accessible, healthcare must be both affordable and convenient, and healthcare is neither for many New Mexicans. Ten percent of New Mexicans have no health insurance coverage and many of the half of New Mexicans on Medicaid will be forced out of the program when the federal public health emergency ends. At the same, all but a few pockets of the state are designated as healthcare shortage areas by federal regulators. Even for those with coverage, access is a problem if no healthcare providers are available.

For more info:

Department of Health Performance Page 123

Healthcare access is necessary to obtain services, such as prevention, diagnosis, treatment, and management of diseases, illness, behavioral health disorders, and other health-impacting conditions. Failure to address health issues early results in higher costs later through emergency room care or complications from chronic illness arising from unaddressed illness. Lack of behavioral health also leads to high family, community, and social costs.

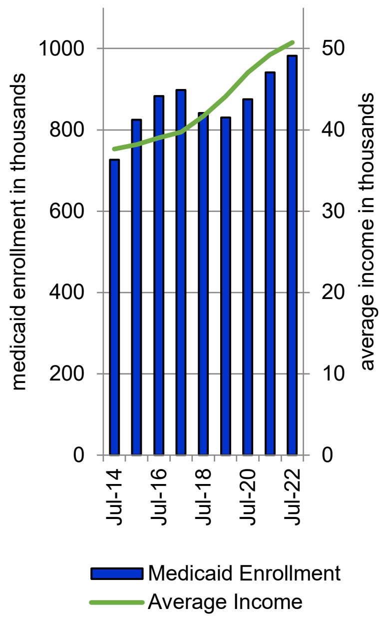
Health Status of New Mexicans

Societal inequities related to poverty, education, demographics, food insecurity, and environmental factors are key drivers of population health. New Mexico's demographics and socioeconomic status present unique challenges for state health programs and the Medicaid delivery system in particular. According to the 2020 U.S. Census, New Mexico is one of six majority-minority states with the largest proportion of Hispanics and Latinos in the nation (49.3 percent) and the third largest percentage of Native Americans (10.6 percent). New Mexico ranks 12th among states for the proportion of the population age 65 and older (18.2 percent). New Mexico also has the third highest poverty rate (18.6 percent) in the nation, 8.1 percentage points higher than the national rate of 10.5 percent.

Educationally, the state has the fourth lowest percentage of adults age 25 and over with a high school diploma or higher degree (85.9 percent) and, according to the U.S. Department of Education, the lowest proportion of fourth grade students proficient in reading comprehension (23.7 percent). In addition, 17.2 percent of New Mexicans experience severe housing problems, the 13th highest percentage in the country. At 832 crimes per 100 thousand population, New Mexico also has the nation's second highest crime rate, well exceeding the national average of 379 per 100 thousand.

Coupled with systemic barriers to healthcare access, these demographic and socioeconomic factors further compromise health status and impair healthcare outcomes. New Mexico has the seventh highest premature death rate among states, with 9,789 years of potential life lost per 100 thousand population based on a 75-year lifespan. Compared with the nation, New Mexico ranks 40th for vegetable consumption among adults, 46th for new chlamydia rates, and 43rd for teen births. In addition, 70.8 percent of adults have a dedicated healthcare provider, the fifth lowest among all states.

Total Medicaid Enrollment and Income



Source: HSD and BBER

Limited Healthcare Providers

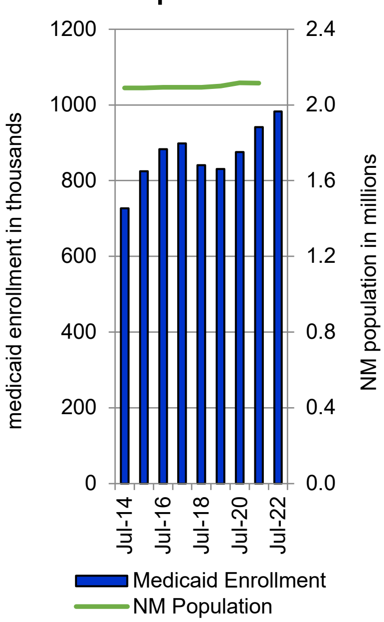
The December 2022 LFC program evaluation, *Medicaid Network Adequacy, Access, and Utilization* reports New Mexico is short some specialty healthcare providers or general healthcare providers in some communities. Forecasts project the state will have the second largest physician shortage in the nation by 2030. Furthermore, New Mexico has the oldest physician workforce in the nation. As of 2017, 37 percent of New Mexico's physicians were over 60 years old.

The federal Health Resources and Services Administration has designated New Mexico a healthcare workforce shortage area, with the exception of small parts of Bernalillo, Los Alamos, and Dona Ana counties. This designation highlights the shortage of providers as well as the need for New Mexico to recruit and retain the healthcare workforce and provide efficient care with its current resources.

Efforts to Improve Access to Healthcare

New Mexico Health Insurance Coverage. Health insurance is important in helping people access the medical care they need. Lack of coverage can lead to delayed care, no care, and high rates of uncompensated care, resulting in worse health outcomes. The nation's uninsured rate dropped significantly after the federal Affordable Care Act was enacted, yet nearly 200 thousand New Mexicans, or 10 percent, were still uninsured in 2021, according to the Kaiser Family Foundation.

Total Medicaid Enrollment and Population



Source: HSD and FRED

New Mexico's Health Insurance Market

Coverage Status	Type of Coverage	Estimated Enrollment (2019 Census Data)
Covered	Individual & Employer Coverage	596,000
	Medicare & Medicaid	1,219,000
	Other Coverage (DOD/VA/HIS)	93,000
Uninsured, but Eligible for Other Coverage	Medicaid / CHIP Eligible	50,000
	Eligible for coverage on beWellnm with premium assistance	38,000
	Access to employer-sponsored insurance	19,000
	Eligible for coverage on beWellnm without premium assistance	24,000
Uninsured and Not Eligible for Other Coverage	No access or restricted access to coverage, Income Above 200% of the federal poverty level	11,000
	No access or restricted access to coverage, Income Below 200% the federal poverty level	28,000
	Total	**2,127,000**

Source: Sellers Dorsey's *New Mexico Health Care Affordability Fund and the Uninsured*

Increasing the number of people with health insurance is important to improve health outcomes and decrease healthcare spending. However, a combination of multiple strategies—expanding access to care, recruiting and retaining healthcare providers, delivering better preventive and chronic care, and focusing on community prevention—is more effective at improving healthcare outcomes for New Mexicans. New Mexico must particularly focus on efforts to recruit and retain multiple types of healthcare professionals to ensure adequate access to healthcare services.

Enrolling on the New Mexico Health Insurance Exchange. While the federally declared public health emergency (PHE) is in place, states receive an additional 6.2 percent in federal Medicaid matching funds with the condition they keep all Medicaid enrollees in the program regardless if their income increases which would otherwise make them ineligible for Medicaid. This "maintenance of effort" enrollment requirement ends when the PHE ends and the New Mexico Medicaid program must begin disenrolling Medicaid members who are above the income limits.

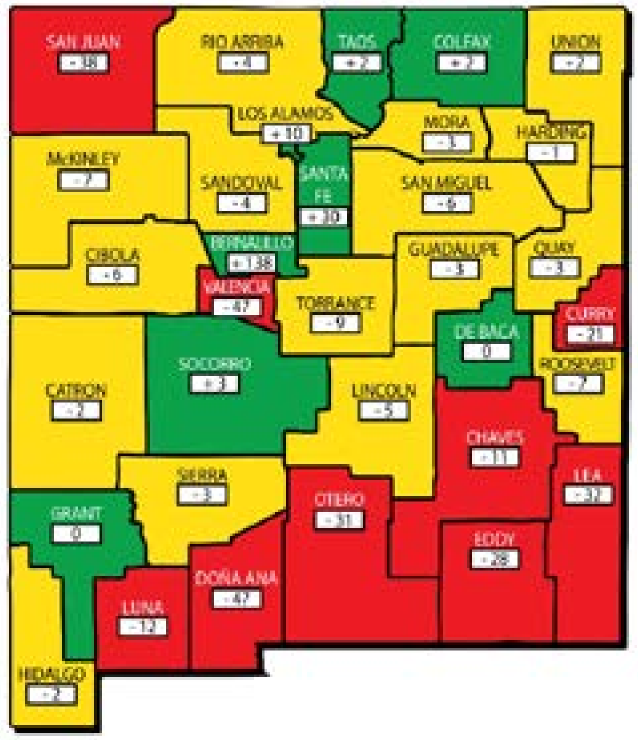
The Medicaid program projects more than 80 thousand Medicaid members are expected to be disenrolled, but more than half of the Medicaid members projected to be disenrolled should instead be eligible for coverage under the New Mexico health insurance exchange (NMHIX), beWellnm. Other former Medicaid enrollees may also be eligible for employer-sponsored insurance coverage.

The Office of Superintendent of Insurance (OSI) indicates it plans to request a legislative appropriation from the health care affordability fund to waive the first month of NMHIX premiums for former Medicaid enrollees. Funds in the health care affordability fund are already available to subsidize premiums for

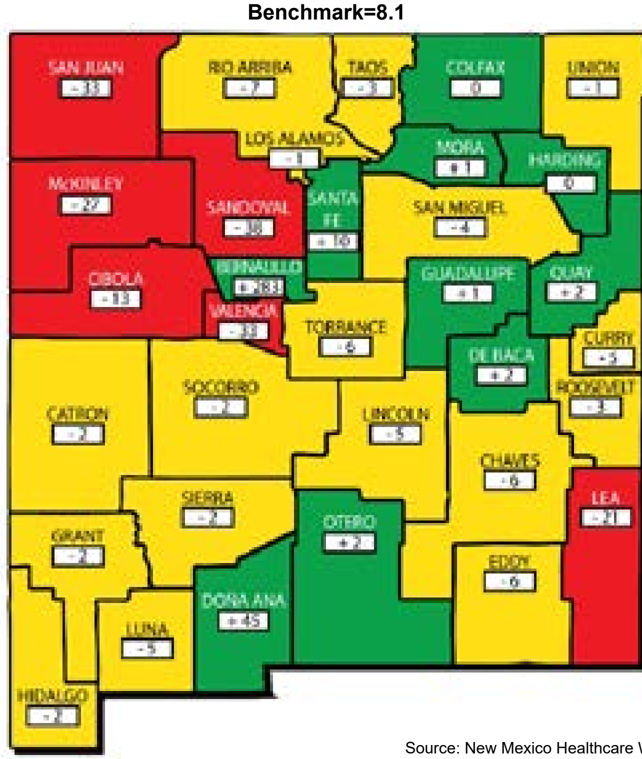
Providers per 10,000 Population
Compared With 2021 Benchmark

At or Above Benchmark | 1-10 Provider Below Benchmark | >10 Below Benchmark | 0 Number Above or Below Benchmark

Primary Care Physicians
Benchmark=8.5



Certified Nurse Practioners
Benchmark=8.1

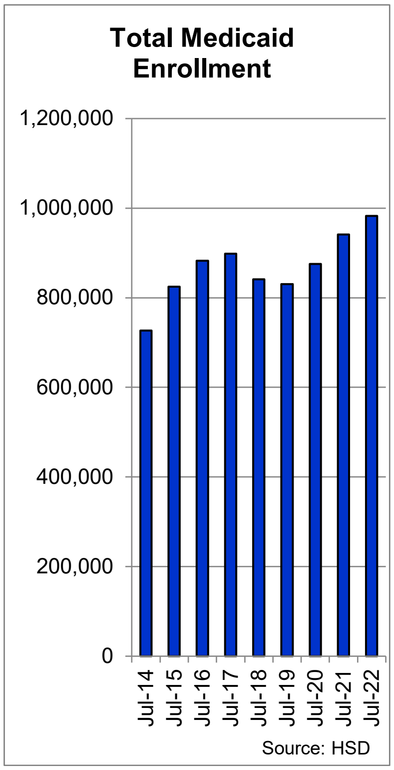


Source: New Mexico Healthcare Workforce Report

For more info:

Human Services Department Performance Page 117

people enrolled in the NMHIX with incomes up to 400 percent of the federal poverty level—$92,120 a year for a household of three—and 10 percent of the health insurance premium costs for small businesses offering coverage through the NMHIX.



Access to Healthcare in New Mexico

Many New Mexicans with health insurance coverage struggle to access primary care, but access to specialty care can be even more difficult. Patients may have to wait months before they can see a provider. The Office of Superintendent of Insurance (OSI) implemented network adequacy compliance reporting requirements for commercial health insurance beginning January 1, 2022. OSI also implemented more rigorous standards for existing network adequacy compliance reporting. These OSI requirements were modeled after Medicaid requirements, although currently the Medicaid requirements lack strong oversight. Medicaid managed care organizations (MCOs) should be monitored for compliance with OSI and Medicaid regulations for network adequacy and reporting.

Access to Healthcare Under Medicaid and Other Payers. The LFC program evaluation, *Medicaid Network Adequacy, Access, and Utilization,* indicates Medicaid recipients in New Mexico who completed a satisfaction survey were less likely to agree that it was easy to get necessary care than Medicaid recipients nationally. According to aggregated data across all states and Medicaid MCOs, New Mexico recipient responses to a number of access questions were generally below national averages. Specifically, New Mexico Medicaid enrollees overall found it harder to get necessary care or to get care as soon as needed, as well as hard to get routine care and care from specialists. The question that had the lowest rankings compared with national responses was focused on the ease of getting necessary care. These survey responses are in line with geographical provider data showing the state is generally below benchmarks for availability for physical and mental healthcare providers. However, MCOs are contractually obligated to ensure access to services for their clients.

A Closer Look: Medicaid Access and Utilization

New Mexico spends roughly $8.8 billion using state and federal funding on Medicaid, providing healthcare for nearly half of all New Mexicans. Between FY19 and FY23, growth in state spending to provide Medicaid far exceeded growth in enrollment (56 percent versus 16 percent, respectively); yet, a December 202 LFC report finds the healthcare that Medicaid enrollees actually used remained flat or declined over the same time, with a few exceptions.

This is concerning because the significant health challenges experienced by the state's Medicaid population will likely not improve if Medicaid enrollees cannot access the healthcare they need. The state's inadequate healthcare provider network continues to be a significant barrier for Medicaid enrollees to access timely care. An LFC secret shopper survey demonstrated these network shortages, with Medicaid enrollees only able to get an appointment with a primary care or behavioral health care provider 13 percent of the time. The survey also found inaccurate managed care organization provider directories, with one in four providers unreachable and one in six not accepting new patients.

Additionally, some contractual standards are likely set too low to help incentivize creation of a more sufficient provider network. Strategies to improve access to care include: strengthening and improving quality initiatives and contractual accountability, increasing Medicaid payment rates, and increasing the state's healthcare workforce.

Medicaid and Current State and Federal Factors

Under the Families First Coronavirus Response Act, states are required to maintain continuous enrollment of Medicaid enrollees through the last day of the month in which the public health emergency (PHE) ends in order to receive a temporary 6.2 percentage point federal medical assistance percentage (FMAP) increase. The PHE is expected to end in June 2023, at which time it is critical to ensure eligibility renewals are completed in a manner that minimizes enrollee burden and promotes accurate enrollment.

LFC Online: Understanding Government Finances

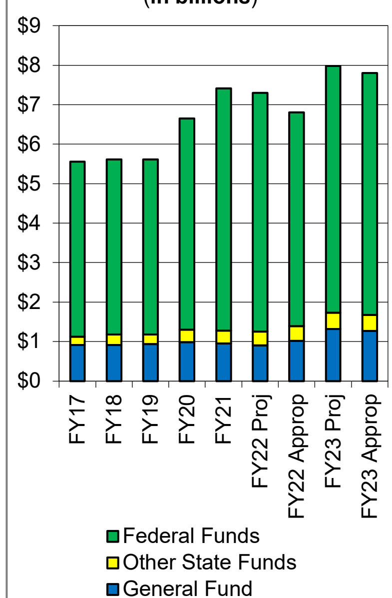
Finance Facts: Medicaid

Medicaid Enrollment Outlook

Medicaid enrollment has increased significantly since February 2020 as a result of the policy responses to the public health emergency and its economic consequences. The Medicaid program served 835,440 individuals in February 2020. Medicaid grew by 141,452, or 16.9 percent, by June 2022 and was estimated to grow to 990,528 individuals by October 2022. Enrollment in Medicaid has increased by 18.6 percent since the start of the PHE, although enrollment is projected to start declining in May 2023, the expected start of four-month roll-off of individuals financially ineligible once the maintenance of effort expires.

Medicaid Enrollment Change from 2019 to 2022. Approximately 47 percent of New Mexico's population is enrolled in Medicaid. The enrollment in June 2022 was over 976 thousand, almost 8 percent higher than the June 2017 enrollment of 905 thousand.

Medicaid Spending
(in billions)



Note: Excludes admin costs

Source: HSD Projections

Medicaid Expenditures

The Medicaid program is the largest healthcare payer in the state of New Mexico and a greater share of New Mexicans are on Medicaid than in any other state. Between FY11 and FY22, total Medicaid spending increased from $3.7 billion to almost $8.9 billion, according to the Human Services Department's (HSD) Medicaid projections. Much of the increased managed care costs were in the physical health category, including both the regular and adult "expansion" populations, so-called because they enrolled when the federal Affordable Care Act relaxed eligibility for childless adults.

Another Medicaid cost driver is increased spending on behavioral health for all Medicaid-eligible populations, totaling $256 million in additional investments between FY17 and FY22. Specifically, behavioral health spending for the expansion population, childless adults with incomes less than 138 percent of the federal poverty level (FPL), more than doubled to a total of $227 million in FY22. Total Medicaid spending on behavioral health topped $750 million in FY22.

Spending on managed care for long-term services and supports, such as nursing homes and personal care, also increased by 43 percent, or $464 million.

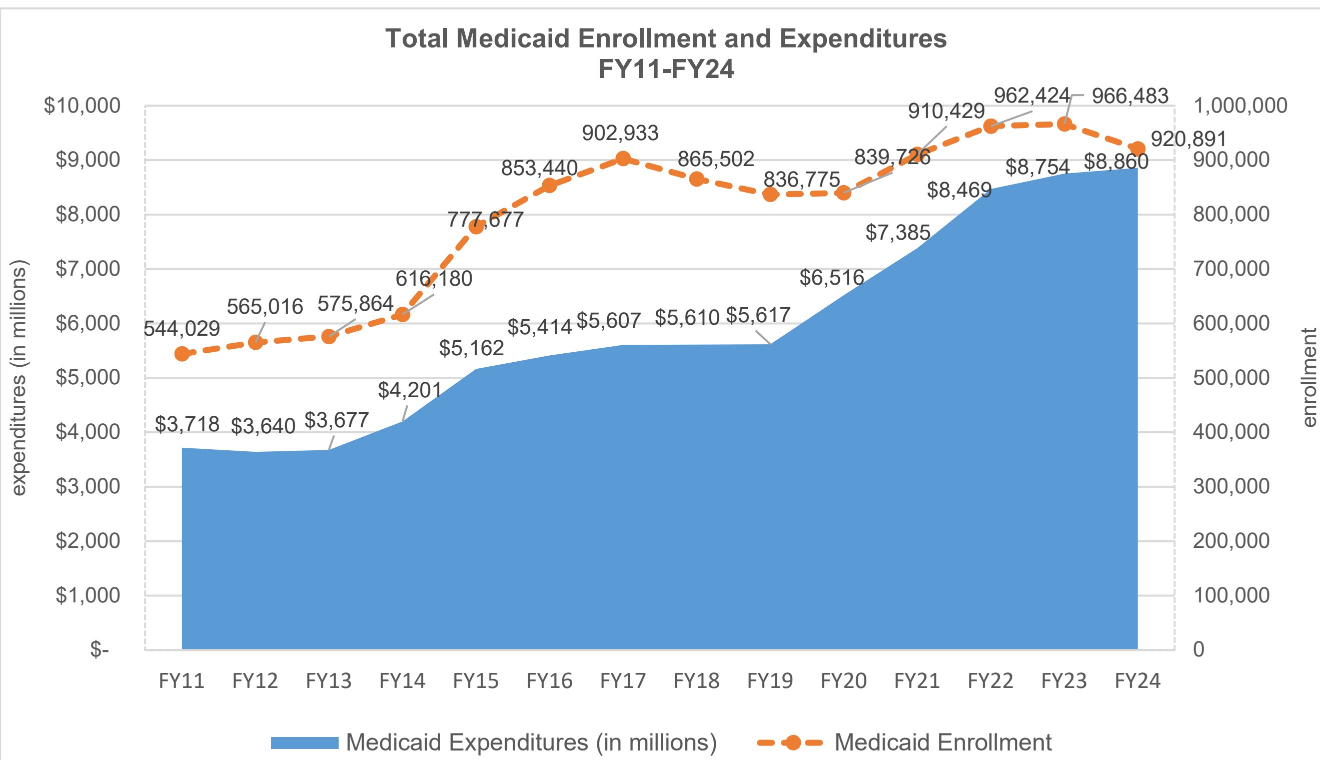
The increased total spending has a varying impact on the general fund need for Medicaid. For example, the 56 percent increase, or $66 million, for Indian Health Services hospitals is 100 percent federal, and increased spending for graduate medical education is supported by matching funds from the University of New Mexico Hospital. In other cases, state matching funds are appropriated through

A Closer Look: Medicaid Fraud, Waste, and Abuse Controls

Since a 2011 LFC evaluation on Medicaid fraud, waste, and abuse, the state has begun to see a positive return on investment in addressing Medicaid fraud, according to an LFC 2022 progress report. However, the state has opportunities to further increase fraud recoveries. The Office of the Attorney General can increase the proportion of investigations resulting in convictions and recoveries by improving the quantity and quality of fraud referrals. The Human Services Department should recover from managed care organizations all improper capitation payments made on behalf of the 18 thousand New Mexico Medicaid recipients who were also enrolled in public assistance programs in other states in 2021—an estimated $27.3 million. Finally, the LFC's 2022 progress report on Medicaid fraud recommended the Office of the Attorney General and HSD work with the Legislature to bring New Mexico into compliance with the federal False Claims Act to increase the state's portion of fraud recoveries.

other departments, such as the match provided by the Department of Health for developmental disabilities (DD) Medicaid waiver services, services provided under a waiver to Medicaid's general regulations. DD waiver spending increased 51 percent, or $185 million. A large amount of that increase was covered with federal funds available from the American Rescue Plan Act (ARPA) last year through the Medicaid home- and community-based services waiver. Also, increased federal matching rates during the pandemic and federally declared public health emergency have lessened the need for general fund revenue to support spending increases.

Medicaid costs are generally driven by enrollment, clients' use of services, and rates paid to managed care organizations and providers. Some of the cost increases are attributable to legislatively authorized provider rate increases or service expansion, while others are a result of HSD rate increases with managed care organizations.



Source: HSD October 2022 Projection

HSD Provider Rate Study. HSD completed a Medicaid provider rate study with a range of options. Data shows that Medicaid pays for 83 percent of the deliveries of babies in New Mexico. To increase the provider rates for maternal child health, behavioral health and primary care by 120 percent, minus nonmedical costs, would cost $56.7 million.

For more info:

Behavioral Health Collaborative Performance Page 121

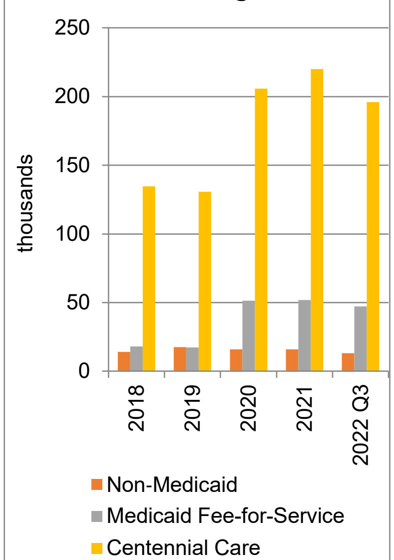
Developmental Disabilities Medicaid Waiver

The Department of Health (DOH) Developmental Disabilities Supports Division (DDSD) oversees four home- and community-based Medicaid waiver programs: the comprehensive Developmental Disabilities (DD) Waiver, Medically Fragile Waiver, and Mi Via Self-Directed Waiver programs and the Community Supports Waiver Program. The annual per person cost for the comprehensive waivers is $102 thousand for the DD waiver services, $33 thousand for Medically Fragile waiver services, and $68 thousand for Mi Via waiver services. As of October 2022, a total of 6,905 individuals were enrolled in the three comprehensive waiver programs. As of October 2022, almost 1,500 individuals were on the waiting list for DD waiver services.

Elimination of Waiting Lists

In FY23, the state began implementing a plan to eliminate the DD waiver waiting list by leveraging temporary enhanced federal matching rates. The DD waiver services are eligible for the enhanced Medicaid federal matching funds and received an estimated additional $7 million per quarter, resulting in a reduced general fund need. The American Rescue Plan Act (ARPA) contained a number of provisions designed to increase coverage, expand benefits, and adjust federal financing for state Medicaid programs. In addition to the PHE enhancement, the act temporarily enhanced the federal medical assistance percentage (FMAP, the federal matching rate) by 10 percent for Medicaid home- and community-based services (HCBS), including those under the DD waiver, for 12 months. Additional federal revenue for all eligible HCBS is estimated to be $500 million, which could be spread over three years; $277 million of this revenue could be for DD waivers.

Individuals Served Annually in State-Funded Substance Abuse or Mental Health Programs



Source: HSD

The increased federal funds for DD waiver services and the enhanced federal match for HCBS offer an opportunity to remove everyone from the waiting list in FY23 and gradually phase in state costs over the next three to four years. However, the capacity of the system to serve the additional people needs ramping up as well.

Before the funding increase, over 6,000 individuals were waiting for services. As of October 2022, 1,414 individuals were on the DD waiver waiting list with an average waiting time of over five years, down from 12 years in FY21. DDSD sent offer letters to 3,450 individuals on the waiting list to offer enrollment and eliminate the waiting list. As of October 2021, 966 had not responded, 25 had declined, and 1,164 had accepted. Since the state has moved to eliminate the waiting list for DD waiver services, participation in the community supports waiver has dwindled. As of October 2022, only 277 individuals were enrolled in the community supports waiver because many moved off the waiting list for DD services.

State of Behavioral Health

The pandemic intensified demand for a behavioral health system already in crisis across the nation, severely straining an already limited workforce. In New

For more info:

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Mexico, the effect is even more pronounced because 16 percent of the need for mental health professionals is being met, compared with the national average of 28.1, according to the U.S. Health Resources and Services Administration. The result is the manifestation of unmet need, worsening behavioral health status, and increases in despair and unhealthy coping mechanisms. The state has the fourth highest rate of deaths by suicide in the nation at 24.7 per 100 thousand population while the overall United States death by suicide rate is 14.5 per 100 thousand. New Mexico has the 11th highest rate among states for deaths due to drug injury at 29.5 per 100,000. The state also has a greater percentages of untreated adults with moderate (61.2 percent) and severe (40.4 percent) mental illness in comparison with the U.S. average of 53.5 percent and 35 percent, respectively, according to the U.S. Census Bureau 2020 data.

In Native American communities, there needs to be greater regional efforts so that the services and treatment options missing from their continuums of care can be developed to be culturally responsive and accessible by Tribal members.

Substance Use Disorders

The Department of Health's *New Mexico Substance Use Epidemiology Profile, 2021* report indicates New Mexico has had the highest alcohol-related death rate in the United States since 1997. Negative consequences of using excessive alcohol go far beyond the death rate. It also affects domestic violence incidents, crime, poverty, unemployment, and exacerbates mental illness, all of which are social determinants of health.

New Mexico had the 12th highest drug overdose death rate in the United States in 2019. New Mexico's drug overdose death rate was 30.4 people per 100 thousand population in 2019 and was about 41 percent higher than the U.S. rate.

Source: Department of Health

In 2019, New Mexico had the 12th highest overdose death rate in the nation. Unintentional drug overdoses account for almost 88 percent of drug overdose deaths. The most common drugs causing unintentional overdose death from 2015 through 2019 were prescription opioids, including methadone, oxycodone, morphine, heroin, methamphetamine, benzodiazepines, and cocaine. In recent years, overdose death from methamphetamines has become increasingly common. And from 2018 to 2019 in New Mexico, the number of overdose deaths by fentanyl increased 93 percent.

Behavioral Health Interventions

To address these concerns, counties and cities across the state have used the substantial investments in behavioral health to increase available mental health and substance use services. A barrier to services is the awareness of what services are available and how to access them, with behavioral health professionals reporting difficulty in understanding what services exist, who delivers them, and if referrals are being accepted.

Over the course of the pandemic, many treatment sessions were offered through telehealth options. The top four behavioral health services provided to adults through telehealth options are psychotherapy, comprehensive community support services (CCSS), case management, and psychosocial rehabilitation. For children, the top four behavioral health services provided via telehealth are CCSS, psychotherapy, family psychotherapy, and medication monitoring. The federal Centers for Medicare and Medicaid Services is considering extending relaxed rules on the billing of telehealth services beyond the PHE.

Additional notable interventions include San Juan County's Mental Wellness Center, a service and access hub, and Santa Fe County's CONNECT program, a "no wrong door approach" to assisting persons with behavioral health needs and addressing other social determinants of health.

Justice-Involved Populations

Many individuals experiencing a crisis encounter law enforcement because of the lack of crisis triage available. Several communities have law enforcement assisted diversion (LEAD) programs, which are designed as a public safety program in which police officers exercise discretionary authority to divert individuals to community-based health services instead of arrest, jail, and prosecution. People eligible for diversion are suspected of low level, nonviolent crime driven by unmet behavioral health needs. LEAD programs in New Mexico assist clients with case management, substance use services, psychiatric assistance, and psychosocial rehabilitation. However, LEAD programs are limited around the state.

Albuquerque, Santa Fe, and Alamogordo also operate mobile crisis response teams (MCRTs). MCRTs are specialized behavioral health teams designed to provide psychiatric emergency care including crisis assessment, crisis intervention and stabilization, temporary shelter, and appropriate referral services in nonclinical environments to individuals experiencing acute behavioral health crises. MCRTs usually comprise a law enforcement officer and a licensed clinician who are dispatched to crisis sites in response to 911 or 988 crisis hotline calls. In New Mexico, however, there are too few responders and it remains difficult for these professionals to meet the need and help residents access ongoing care.

Efforts to Improve Healthcare for New Mexicans

State, counties, and communities must work together to streamline physical and behavioral health services and ensure people in need of care can receive it. Access to care, workforce challenges, and sufficient funding must all be addressed simultaneously to positively affect health outcomes in New Mexico. And all of this must be done within the context of the social determinants of health, including poverty, lack of primary care, poor housing, language and cultural barriers, unemployment, adverse childhood experiences, and educational challenges. These issues must also addressed those who have no insurance, receive Medicaid or Medicare, or have insurance yet cannot access services. The healthcare providers and payers will continue to be challenged to provide a healthcare system that improves the well-being of New Mexicans.

A Closer Look: Department of Health Facilities

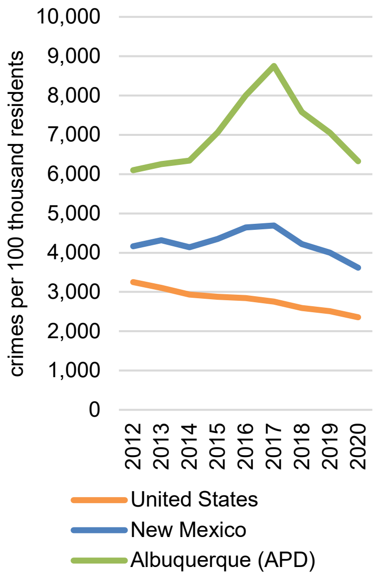
Although the Department of Health has made progress since a 2021 LFC evaluation found quality and operational challenges at facilities, significant issues with quality of care and utilization persist. DOH is in the process of implementing most LFC recommendations; however a **September 2022 progress report** found, despite increased need for behavioral health care and long-term care in New Mexico, facilities are chronically underutilized, driving up cost per bed by an estimated 25 percent from FY20 to FY22.

Underutilization is partially driven by staffing shortages, leadership challenges, unpublished admissions criteria and mixed quality, with some of these factors potentially also negatively impacting patient outcomes. Lower level direct-care positions, such as certified nursing assistants and technicians, are particularly hard to hire and the implementation of a new plan created new pay disparities. Leadership challenges and turnover at the agency and within facilities pose risks to oversight. Quality of patient care and oversight at the New Mexico State Veterans' Home (NMVH) is of particular concern.

Justice and Public Safety

Concerns over New Mexico's high violent and property crime rates focused the Legislature during the 2022 session to enact policies and appropriate funds to improve law enforcement recruitment, retention, and training; to create or enhance penalties for new and existing criminal offenses; and to expand grant programs to reduce crime and violence, among other initiatives. The impact of these nascent efforts—many of which have not been fully implemented—has yet to be seen, and crime continues to be a focus for policymakers statewide. While these measures continue to be assessed, other potential solutions inside and outside the criminal legal system should be pursued. Moving the state away from a reactive criminal justice approach to a system focused on prevention and ensuring the judiciary delivers swift and certain justice while protecting the rights of both victims and the accused are the next steps toward balanced criminal justice reform.

New Mexico and Albuquerque Crime Rates vs. National Trends



Source: FBI, U.S. Census Bureau

Effective Policing

Research shows certainty of punishment is a more effective deterrent to criminal behavior than severity of punishment, but in New Mexico, punishment has grown less certain as violent crime has increased, with fewer violent crimes solved and more violent felony cases dismissed. New Mexico's law enforcement agencies have seen violent crime clearance rates—the rate at which crimes are closed, generally by arrest—fall in recent years. From 2014 to 2020, the state's violent crime rate rose 30 percent, while the number of cases cleared fell 13 percent.

During the 2022 legislative session, the Legislature aimed to increase the certainty of punishment for the most violent offenses by improving policing with investments in recruitment and retention of high-quality law enforcement officers, enhancements to officer training and education, and increased police oversight. This included significant investments in law enforcement compensation at the state and local level and substantial changes to systems for training law enforcement officers and holding them accountable for misconduct.

Best practices for policing tailor actions to identifiable problems and facilitate civilian trust and confidence. The Legislature has attempted to encourage law enforcement agencies to supplement the standard model of policing–a reactive model focused on responding to calls for service–with evidence-based programming and practices through targeted appropriations. However, vetoes from the executive that removed requirements that programs be evidence-based to receive funding have hindered this goal. Additionally, other sources of state funding for local agencies (such as the law enforcement protection fund and local DWI fund) do not require funding be expended on best practices or evidence-based policing.

Crime Reporting

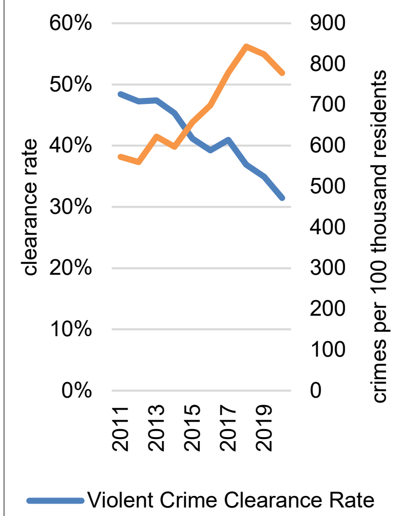
The Department of Public Safety (DPS) is required to collect and report crime data from all law enforcement agencies but has not publicly reported this data as it transitions to the National Incident Based Reporting System (NIBRS) required by the FBI. Unfortunately, many law enforcement agencies, including the State Police, are not yet reporting through NIBRS. In New Mexico, 33 percent of law enforcement agencies covering 61 percent of the state's population submitted 2021 data through NIBRS; in 2020, 95 percent of New Mexico law enforcement agencies reported data.

Lack of reporting obscures understanding of crime trends in the state. 2021 marked the first year the FBI's national crime statistics relied solely on information provided via NIBRS. The FBI did not provide estimated crime rates for New Mexico for 2021 because reporting agencies accounted for less than 80 percent of the population.

Officer Recruitment and Retention. During the last session, the Legislature created a new program within the Department of Finance and Administration to distribute up to $50 million over five years to local law enforcement agencies for recruitment and retention stipends, prioritizing increasing agencies' investigative capacity. However, due to vetoes, these funds could also be used for other recruitment and retention strategies.

The bulk of the funds were awarded without a clear or rigorous application process. In September, $41.5 million from the fund was awarded to 29 law enforcement agencies for the purpose of hiring over 300 new officers, although the executive has since clarified they may also be used for stipends. Unclear instructions resulted in the exclusion of many agencies from the first round of funding, including eight of the 20 largest local law enforcement agencies in the state. It is unclear how carefully agencies' responses to the DPS survey were vetted to ensure accuracy, or if agencies' capacity to hire the number of officers for which they received funding was considered in making awards.

New Mexico Violent Crime Rate vs. Violent Crime Clearance Rate

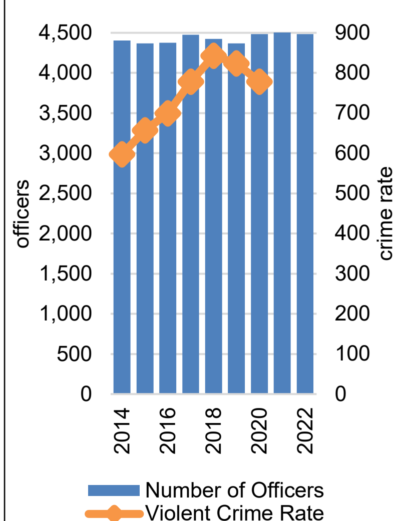


Source: FBI, LFC files

Officer Training, Accountability, and Oversight. Legislation passed during the 2022 session also sought changes to law enforcement training and the system overseeing training and misconduct, the Law Enforcement Academy Board (LEAB), splitting the training and oversight functions of LEAB into two separate entities, enacting new training requirements aimed at reducing unnecessary uses of force, and strengthening reporting. Some of these changes should improve the state's ability to ensure local law enforcement agencies comply with training and misconduct reporting requirements.

Stakeholders have raised concerns regarding implementation difficulties with some provisions of the reforms as currently written. For example, the law does not provide for the transition of active cases when the structural changes to the oversight entities and processes take effect, dispatchers are not represented in the entities overseeing their training and certification, and the Certification Board is not definitively established as an independent state entity separate from DPS. However, because most provisions affecting these reforms do not take effect until FY24, the Legislature could fine-tune the law to enable smooth and effective implementation during the 2023 legislative session.

Law Enforcement Officers Employed* and Crime Rates in New Mexico



*Includes officers employed by municipal police departments, county sheriffs' offices, and NM State Police.

Source: FBI, LEPF distributions (DFA), NMSP manpower projection (DPS),

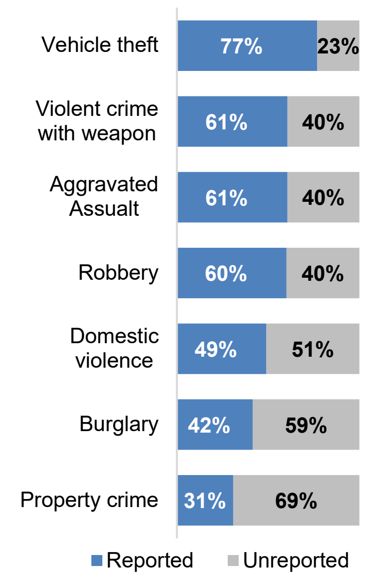
Diversion and Early Intervention

Interventions to prevent crime and diversion of low-level offenders provide the most cost-effective and impactful path toward improving public safety. The criminal legal system is often tasked with treating substance use disorder and serious mental illness, but this is generally more costly and less effective than accessing treatment in communities or programs that do not require incarceration, such as drug courts. Focusing on interventions for high-risk populations, improving treatment courts and diversionary programs, providing effective pretrial services, and investing in health and communities reduces the burden on the criminal legal system and allows criminal justice partners to focus time and resources on enforcement efforts aimed at the most dangerous offenders.

High-Risk Populations

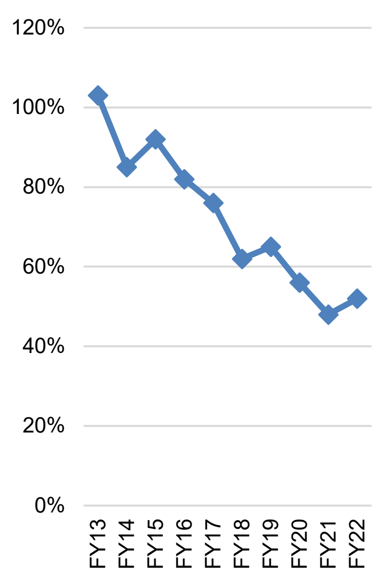
The intersection of risk factors, such as substance use disorder, serious mental illness, and homelessness, leads some individuals to routinely interact with

Percent of Crimes Reported to Police Nationwide



Sourece: National Crime Victimization Survey, 2021

Drug Court Capacity Filled Statewide



Source: AOC

emergency medical services, homeless shelters, police, jails, prisons, and other areas of the health and criminal legal systems. The significant use of such resources by a small fraction of the population represents both a problem and an opportunity. Targeted interventions aimed at this population have the potential to have a significant, immediate impact for a relatively small investment.

Integration of criminal justice data systems has long been a priority of the state, counties, municipalities, and criminal justice partners. However, significant integrations of many large, disparate systems requires both significant resources and time. More targeted integrations of data systems aimed at frequent system users could provide significant utility on a shorter timeframe.

Housing

Housing insecurity and homelessness are common among justice-involved populations, due to both the criminalization of homelessness and the impact of criminal history on obtaining future employment and housing. Research shows providing housing and services reduces crime among that population. Notably, almost half of people experiencing homelessness have been the victim of a violent crime, a rate almost 25 times that of the general population. Improving housing options helps reduce crime and victimization among this population. A 2016 study by the Institute for Social Research at the University of New Mexico found the city of Albuquerque's Heading Home Initiative, a housing-first program, produced savings for emergency services, hospitals, and jails, with a positive return on investment of $1.78 on every dollar. Similarly, a 2021 Urban Institute study of Denver's housing-first initiative found participants spent fewer nights in shelters, had fewer interactions with police, spent less time in jail, and spent less time in detox facilities.

Treatment Courts

Substance abuse and substance use disorders (SUD) continued to rise in 2022, and the drug overdose mortality rate remains high in New Mexico. Specialty courts, including drug courts, can help break the cycle of substance abuse and substance-use-related crime by helping nonviolent offenders get the treatment and social services support they need. Previous cost benefit analyses have suggested a $3 to $1 return on investment for the program. Despite this, drug courts have seen a shift from oversubscription in FY13 to having about half of their capacity filled over the past 10 years. As of June 10, 2022, the Administrative Office of the Courts has reported excess capacity of 48 percent for FY22. Low participation levels suggest defendants may avoid treatment court or pursue alternatives because treatment courts fail to address root causes. AOC has initiated a certification process for all judicial district treatment courts, and a pilot is currently being developed to provide universal screening for treatment court participation for all defendants at the magistrate court level.

Some drug courts in New Mexico may also fail to take full advantage of medication-assisted treatment (MAT) for nonmedical use of opioid pain relievers for drug-abusing offenders despite many professional organizations considering MAT an evidence-based best practice for treating opioid dependence. In fact, some drug courts do not include, or know how to support, use of MAT for opioid dependence. In January 2021, the state Supreme Court replaced the New Mexico

Drug Court Standards with the New Mexico Treatment Court Standards to reflect best practice recognized through research.

Pretrial Services. State and national research underscores the importance of the pretrial period in the criminal justice process. Pretrial service programs perform a variety of functions, including verification of background checks, risk assessments, and supervision to ensure defendants satisfy release conditions.

Research indicates supervision conditions should be tailored to the individual defendant's risk and needs and should weigh both public safety and an individual's rights. There is a growing movement for the pretrial period to include an assessment of the needs of a defendant in addition to the risks to ensure all available resources are available to an individual. In the 2022 legislative session, lawmakers further sought to increase judiciary resources to enhance pretrial supervision that helps ensure those who are released pretrial adhere to their release conditions. The 2022 GAA includes $4 million over three years for pretrial services grants and over $1 million in funding for GPS monitoring and training for local pretrial programs, courts, and staff. The Administrative Office of the Courts has developed a program to administer a standardized pretrial services program statewide.

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Release and Detention. In 2016, voters in New Mexico overwhelmingly adopted a constitutional amendment reforming the cash bail system used to secure release from detention. Pretrial detention policy seeks to balance the public's interest by not unnecessarily detaining individuals who pose no risk to the community and preventing the release of individuals who will go on to commit a serious crime during the pretrial period. There is an asymmetry in how these two priorities are balanced. The defendants whose lives are upturned due to unnecessary pretrial detention remain invisible and are rarely reported. In contrast, when a defendant is released and commits a serious crime, their name and criminal history are widely reported.

For this reason, the re-offense rate of defendants released during the pretrial period must be carefully monitored. In New Mexico, several studies have accomplished this by analyzing the effects of the pretrial detention reforms by comparing the pre- and post-reform period. Of over 15 thousand felony cases analyzed between 2017 and 2021, 98 percent of defendants were not accused of a violent felony during their pretrial period. For the past several legislative sessions, bills have been introduced that would have created presumptions of dangerousness based on an individual's current charge, past felony convictions, or past violations of conditions of release. Research concludes most proposals to create rebuttable presumptions—which place the burden of proof on the defense to argue that a defendant can be released—are "roughly equivalent to detaining a random sample of defendants who are currently released." Researchers estimate that the "wide-net" proposal introduced in the 2022 session would have reduced crime by 1.4 percent at a cost of $13.8 million.

Outcomes of Felony Defendants Following Bail Reform and Under Legislative Proposals

Outcome	All released felony defendants (actual)	HB80* 2021 *(est.)*	HB5ᵻ 2022 *(est.)*	HB27ᵀ 2022 *(est.)*
No New Charge	12,388 (82%)	2,373 (81%)	2,038 (85%)	7,603 (80%)
Nonviolent Mis-demeanor	744 (5%)	145 (5%)	93 (4%)	538 (6%)
Nonviolent Felony	1,252 (8%)	155 (5%)	114 (5%)	776 (8%)
Violent Mis-demeanor	295 (2%)	101 (3%)	66 (3%)	234 (2%)
Violent Felony	455 (3%)	152 (5%)	92 (4%)	350 (4%)
Total	**15,134**	**2,926**	**2,403**	**9,501**

*HB80, introduced in the 2021 session, would have created a presumption of dangerousness for defendants charged with a first-degree felony of serious violent offence (SVO) who also have a prior felony conviction of violation of conditions of release (COR).

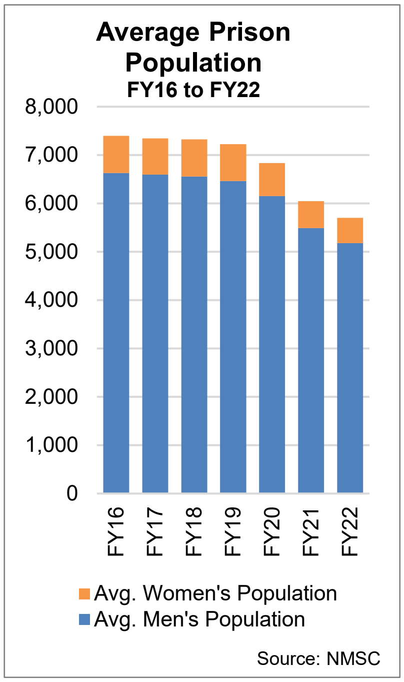
ᵻAs introduced in the 2022 session, HB5 would have created a presumption of dangerousness for defendants charged with a SVO, or if they discharged or brandished a firearm.

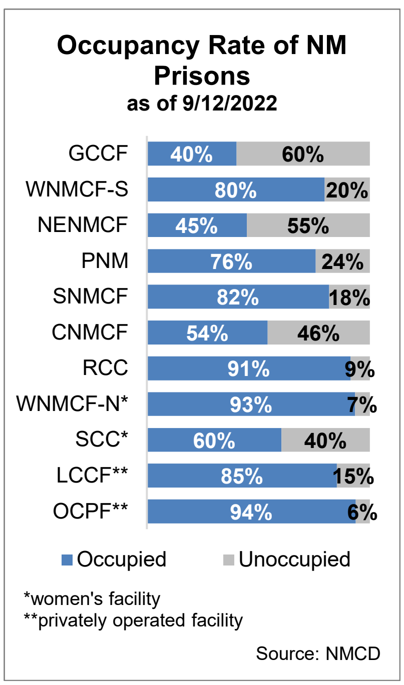
ᵀHB27, introduced in the 2022 session, would have created a presumption of dangerousness for defendants charged with a SVO, or have past failures to appear, or violations of COR.

Source: Moore, Ferguson, and Guerin (2022)

Other Crime Prevention

The criminal justice system often deals with the downstream effects of failures outside the system, and a broader view of public





For more info:

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safety requires examining the impact of such factors on crime. Many approaches outside the system serve as effective deterrents, helping to prevent crime, not simply addressing its effects.

Healthcare

A growing body of research shows increased healthcare coverage—particularly through Medicaid—may reduce crime and recidivism by increasing access to mental healthcare and SUD treatment for vulnerable populations, and often the benefits of reduced crime and incarceration exceed the cost of coverage. Medicaid coverage for former inmates reentering the community substantially impacts those offenders' outcomes, with studies suggesting coverage may lead to double-digit drops in one-year recidivism. Almost half of New Mexico's population is enrolled in Medicaid, but the state has seen rising violent crime rates even as it has significantly increased its spending on core substance use services, suggesting additional barriers to the utilization of effective substance-use disorder treatment and mental healthcare for the Medicaid population. Notably, a 2019 report issued by the U.S. Health and Human Services Department Office of the Inspector General found only 30 percent of the nearly 10 thousand licensed behavioral health providers in New Mexico provide services to patients enrolled in Medicaid managed care.

Quality of Life

Physical characteristics of neighborhoods, particularly low-income neighborhoods, play a role in crime and crime prevention. Infrastructure-based interventions, such as "greening" vacant lots and increasing street lighting, can reduce crime and gun violence. The primary mechanism through which New Mexico usually invests in these types of interventions is capital outlay funding, but the process for allocating those funds is not designed to prioritize investments based on outcomes. Notably, some of the most dangerous areas have received relatively low investments in these types of infrastructure.

Reducing Repeat Offenses and Recidivism

Justice Reinvestment

New Mexico's prison population has been falling since September 2018 and had dropped over 8 percent by March 2020, even before the impacts of the Covid-19 pandemic on adjudication and early releases. The unprecedented but sustained reductions in population could provide significant cost savings. Incarcerating an inmate costs an average of $49.6 thousand in FY21 and a lower population creates an opportunity for the state to realize and reinvest those savings in improved programming and resources. Although correctional officer and other vacancies remain high, reductions in inmate populations allow the department to continue operating its facilities safely, and sustained population reductions may render many of these vacant positions unnecessary.

The Corrections Department (NMCD) has already realized substantial savings from population reductions and high vacancies. In its FY22 and FY23 budgets, the Legislature has prioritized reinvesting these funds in inmate programming, reinvesting a total of $4.7 million in recidivism reduction programming and supportive housing through NMCD and reprioritizing $1.6 million to other agency budgets. Modernization of NMCD's classification system is also likely to produce savings and provide benefits to both security and the agency's ability to offer effective programming to more inmates.

Prison Population. Population trends and admissions data suggest the inmate population may be stabilizing after falling almost every month for over three years. The total prison population averaged 5,703 in FY22, down 5.7 percent from FY21 and 22.9 percent lower than the population high in FY16. However, admissions to prison in FY22 increased for the first time since FY15, rising 2 percent compared with FY21. A total of 2,409 people were admitted to prison over the course of the year, including 2,076 men and 333 women. This increase was driven by new convictions, which rose 11 percent compared with FY21 and made up 60 percent of total admissions compared with 55 percent in FY21.

Recidivism. Every year, NMCD releases around 3,000 offenders into communities statewide. Reducing the rate at which these offenders commit new crimes is a crucial component to improving public safety and, as such, serves as the most important metric of NMCD's performance. However, many offenders are reincarcerated for technical parole violations or drug use, increasing costs to the state but not effectively improving public safety.

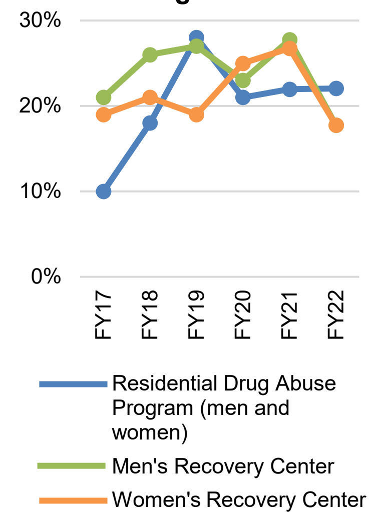
The overall three-year recidivism rate of offenders released from NMCD's custody decreased 7 percentage points between FY21 and FY22, reflecting a period of sustained improvement, although data quality issues make longer term comparisons more difficult. This drop is primarily due to reduced recidivism due to technical parole violations, which fell 6 percentage points between FY21 and FY22, while recidivism due to new offenses remained relatively stable over the same period. As a result, the agency's improved overall recidivism rates likely reflect changes in agency practices regarding technical violations or more effective programming aimed at treating SUD, rather than improvements in programs aimed at preventing offenders from committing new crimes.

Programming. NMCD has seen improvements in recidivism but still has a long way to go. Low completion rates of evidence-based programs suggest NMCD may need to focus not only on ensuring offenders receive services, but also on ensuring offenders are consistently engaging in these services and that services are consistent among prisons and security levels. The department should also track metrics of success for participants and graduates of its programs and should conduct evaluations to ensure programs are implemented as intended.

NMCD reports all recidivism reduction programs it funds for $100 thousand or more are evidence- or research-based. The agency's FY22 program inventory included 26 programs, of which 12 (funded at a total of $5.3 million) were evidence-based and 14 (funded at a total of $6 million) were research-based, with the agency's largest expenditures on the men's and women's recovery academies ($3 million) and adult basic education ($2.4 million). Overall, the agency spent about 4 percent of its budget for the Inmate Management and Control and Community Offender Management programs (which provide most programming) on evidence- or research-based programs.

The department may need to focus its attention not only on ensuring offenders receive services, but also on whether offenders are consistently attending to enable

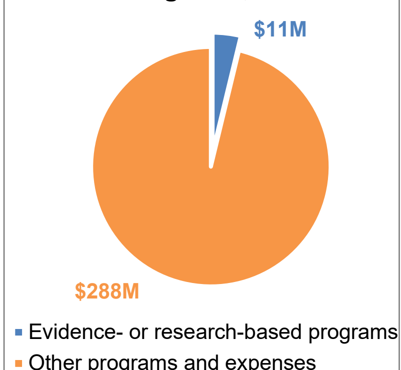
Recidivism Rates of NMCD Drug Treatment Programs



LFC Online: Understanding Government Finances

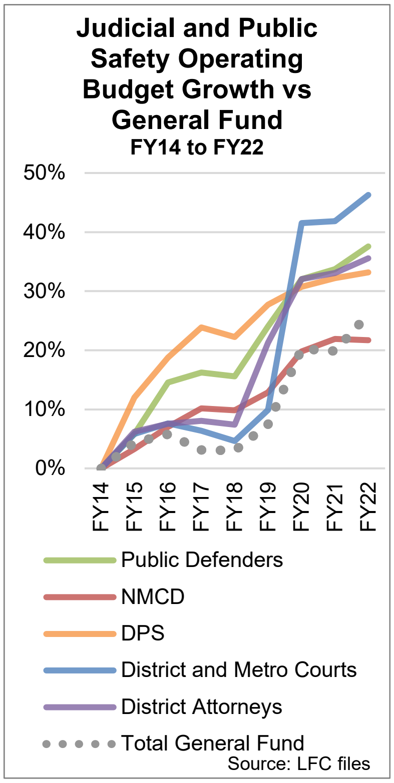
Finance Facts: Corrections

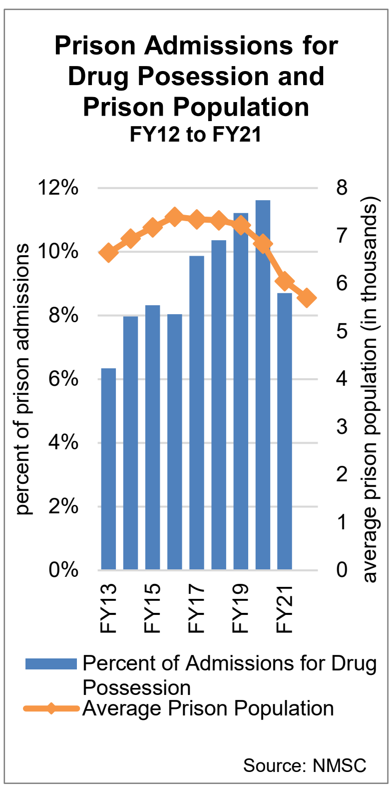
Corrections Spending on Evidence or Research Based Programs,* FY22



*Includes only the Inmate Management and Control and Community Offender Management programs, which provide the majority of programming.

Source: LFC analysis of NMCD FY22 program inventory





successful completion of the program. Only a fraction of participants complete these programs, with a completion rate of just 36 percent across programs lasting one year or less in FY22. Although all programs have some research or evidence behind them, these programs must operate to fidelity, meaning they are run as the model intends and their outcomes are in line with what is generally expected from correctly run programs. NMCD reports on recidivism for just two of these programs, which account for 36 percent of the department's expenditures on evidence- and research-based programs, but the remaining 64 percent of funds were expended on programs whose outcomes are not tracked. Notably, MAT, which has been demonstrated to be highly effective at addressing SUD, is mostly unavailable in jails and prisons, despite an estimated 85 percent of prisoners having an active SUD or being incarcerated for a crime involving drugs.

Improved reentry programming emphasizing areas such as employment, housing, and behavioral health treatment are essential to ensure offenders effectively reintegrate into communities. Resources for low-level offenders reentering communities from both jails and prisons are scarce, and improved coordination between jails and prisons to develop such resources could be impactful.

NMCD has made significant changes to its inmate classification system, but the project to validate a new classification tool is ongoing. Significant delays due to Covid-19 restrictions on prison visits have hampered the project, which the department now estimates will not conclude until the end of 2023.

Judiciary Efficiency and Effectiveness

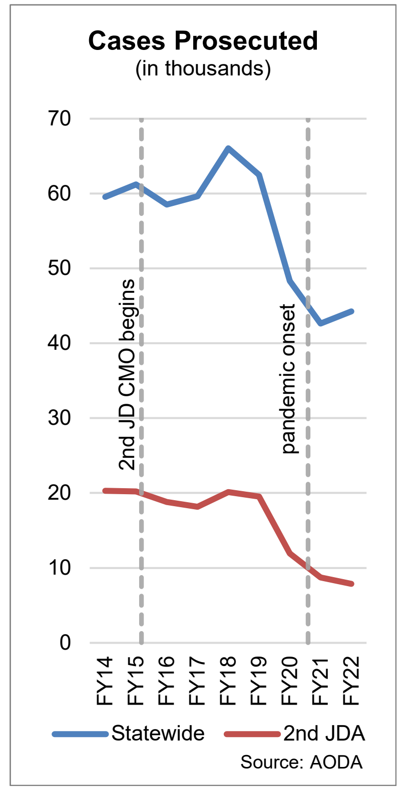
The judicial branch plays a key role in ensuring the swift and certain justice necessary to effectively deter crime. Performance metrics like time to disposition, age of cases, and the number of open cases help ensure the swiftness of punishment remains as effective a deterrent as possible. Statewide, these metrics have worsened in the wake of the pandemic, with most district courts' time to disposition increasing for criminal cases.

Judicial Productivity

In FY22, district courts' time to disposition increased in both civil and criminal cases compared with FY21, though administrators note FY21 was severely impacted by community spread of the Covid-19 virus and limitation of in-person activities. Compared with FY19, average statewide time to disposition in district courts increased in criminal cases by 33 percent.

In the 2022 session, the Legislature prioritized judicial branch funding, including a 17 percent salary increase for judges, and funding for pretrial services, monitoring, and training.

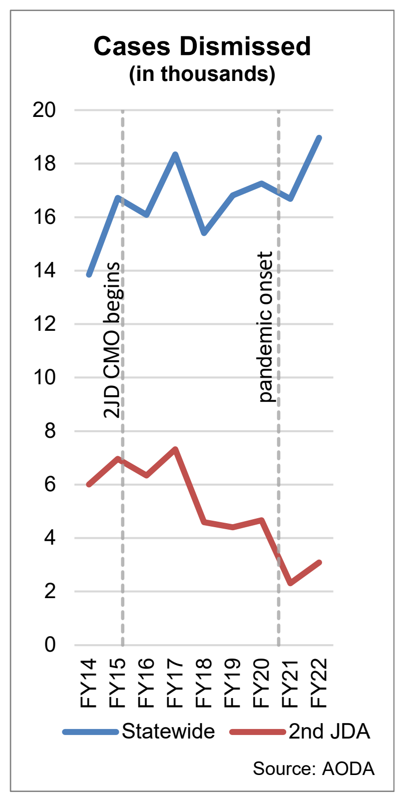
Prosecution. The number of cases added to attorney caseload–an indicator of caseload–in district attorney offices increased on average statewide but did so with marked differences between rural and nonrural districts. The three most populous districts had an average caseload decrease of 8.8 percent in FY22 compared with FY21, while the other 11 districts saw an average caseload increase of 28.8 percent. Prosecutions rose on average 6 percent statewide in FY22 compared with FY21, but prosecutions remain persistently below prepandemic averages. The number of cases referred to prosecutors decreased by 3 percent on average statewide, and referrals are also far below prepandemic averages. The decline in the number of prosecutions is a complex indicator, and it should not be interpreted as a negative indicator of district attorney performance or cause of increased crime. For example, a 2021 study found nonprosecution of nonviolent misdemeanor offense led to a 53 percent reduction in the likelihood of a new criminal complaint, and to a 60 percent reduction in the number of new criminal complaints, over the next two years. Changes to the number of district attorney prosecutions, if motivated by policy, could indicate an appropriate modification in prosecutorial discretion that acknowledges the long-term effects of prosecution; on the other hand, if motivated by a lack of resources, changes to the number of prosecutions may indicate understaffing, overly burdensome workloads, or overly complex procedural barriers.



Jails

During 2022, criminal justice stakeholders, including counties and the Public Defender Department (PDD), raised serious concerns regarding staffing levels in county jails, which hold individuals detained pretrial and those sentenced to less than one year of incarceration. Between May 2021 and May 2022, the number of correctional officers employed by county jails fell 39 percent, with vacancy rates rising from 2 percent to 41 percent. Over the same period, the population held in jails increased 41 percent. In August, Bernalillo, Otero, Chaves, and Curry counties reported half or more of their positions were vacant. Insufficient staffing levels result in unsafe conditions for inmates, staff, and the public.

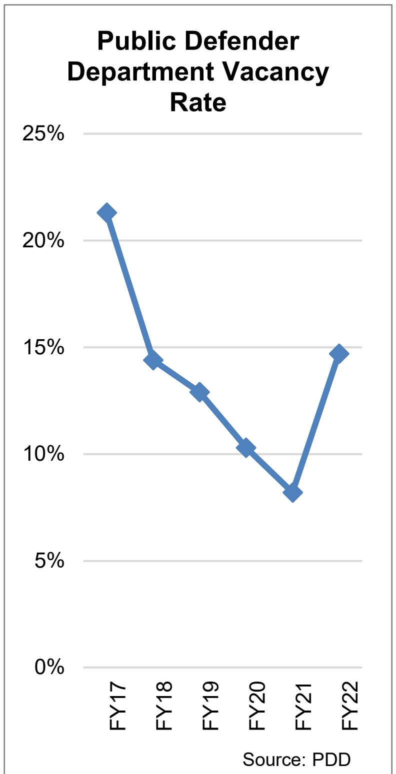
Two memorials adopted during the 2022 session requested New Mexico Counties convene a task force of stakeholders, including representatives from the association, the Corrections Department (NMCD), and Administrative Office of the Courts (AOC) to study the costs, benefits, and feasibility of transitioning the state to a unified jail and prison system. Although the task force found unification is not the best option for New Mexico at this time, it did identify smaller, targeted efforts to address priorities and outstanding questions to improve the incarceration system at both the county and state levels, including working together to improve recruitment and retention and developing a training academy for detention staff through NMCD's training academy.



Decrease Burdens on Judiciary and Jails

Increasing swiftness of the justice system will require a two-pronged approach that includes providing both sufficient investment in judicial programs and eliminating overly burdensome and ineffective justice system processes that are not shown to reduce crime. Reducing the number of defendants detained unnecessarily pretrial, defelonizing low-level offenses, and eliminating burdensome administrative functions like court fees are all strategies that should be pursued in New Mexico.

In September, AOC reported 206.3 thousand active warrants related to 185.5 thousand defendants in New Mexico, with the number of defendants with outstanding warrants equal to almost 9 percent of the state's total population. Most of these outstanding warrants are for failure to appear (40.2 percent) or bench warrants (40.1 percent), while almost 10 percent of warrants are nonarrestable



parking warrants. Of the active warrants, almost 27 percent were issued at least 20 years ago, with the oldest over 50 years old.

Court Fees. New Mexico has relied on an array of fees to defray the costs of operating courts, law enforcement, and a variety of programs unrelated to criminal justice. A total of 14 government programs rely on court fees to support their function, and most fees do not fund judicial initiatives. Unpaid fees may result in the issuance of a warrant and can lead to arrest if the payee is unable or unwilling to pay. Court fees have an oversized burden on the poor, and court debt can cause or contribute to a cycle of poverty and interaction with the criminal justice system. Court fees are also expensive to administer and unstable. Studies of the court fee collection rates have found that between 40 percent and 50 percent of court fees are collected. A comprehensive cost-benefit analysis of court fees is difficult because neither the judiciary nor Legislature collects data about the statewide costs of collection.

Low-Level Offenders. Reducing incarceration for low-level offenses—especially those related to substance use disorders—and reforming the state's probation and parole system to ensure offenders are not reincarcerated for technical parole violations rooted in addiction would likely improve outcomes and generate savings. Such reforms also reduce unnecessary burdens on the justice system, helping prioritize areas known to promote the swiftness and certainty of punishment, a known deterrent of crime. Offenders sentenced for drug possession offenses comprise a substantial share of prison admissions, posing significant social and financial costs to the state. New Mexico's high rates of substance use disorders and increasing illicit drug use suggest these trends will continue absent legislative intervention.

Rights of Victims and the Accused

New Mexico's high crime rates represent real damage to individuals and communities. Evidence-based programs to address victim needs can ameliorate some of the harm caused by crime and potentially prevent future crime. This is especially true for children, victims of domestic violence, victims of sexual assault, and traditionally marginalized communities. At the same time, the criminal justice system guarantees those accused of crimes an adequate and effective defense, and public defenders are responsible for most cases in New Mexico given the state's high level of indigence.

Victim Services. A wide body of research indicates most offenders were themselves victimized. Meeting victim needs can, therefore, address both the consequences of crime and one of its root causes. Further, adequately serving victims may improve their cooperation with prosecutors, reducing criminal case dismissals and increasing the certainty of justice. Issues with victim cooperation are a leading cause of criminal case dismissals, with between 12 and 24 percent of case dismissals due to issues with victim or witness cooperation. The 2nd Judicial District Attorney's Office, in Bernalillo County, further reports such issues were responsible for almost half of cases for crimes against persons the office declined to prosecute between FY17 and FY22 and almost 30 percent of crimes against property it declined to prosecute. Unfortunately, the state's existing victim services are sometimes insufficient to meet its high need.

Public Defense. In January 2022, the American Bar Association released a report on New Mexico's public defense caseload and staffing levels. The report found the Law Offices of the Public Defender would need to increase its attorney FTE by over 100 percent to meet the standard of reasonably effective assistance of counsel guaranteed by the Sixth Amendment of the U.S. Constitution.

In FY22, PDD used contract attorneys for 34 percent of case assignments. When compared with contract attorneys, PDD's in-house attorneys get more charges reduced, refer more cases for alternative sentencing placement, and take less time to resolve cases. PDD currently does not require contract attorneys to regularly close cases in the case management system, likely resulting in underreporting. This may contribute to poor outcomes for contract attorneys, but the agency also notes low base rates result in attorneys dedicating limited time to cases, which also leads to poor outcomes.

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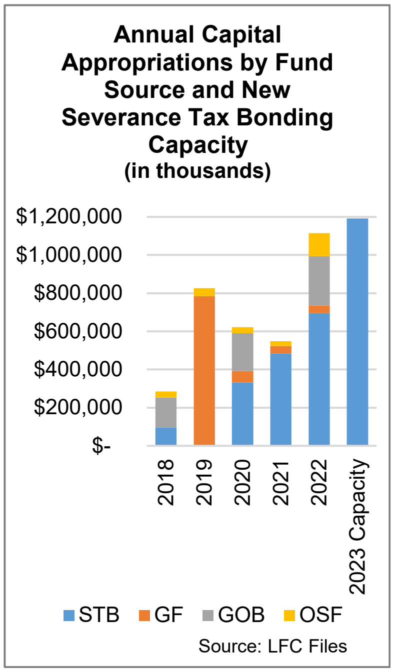
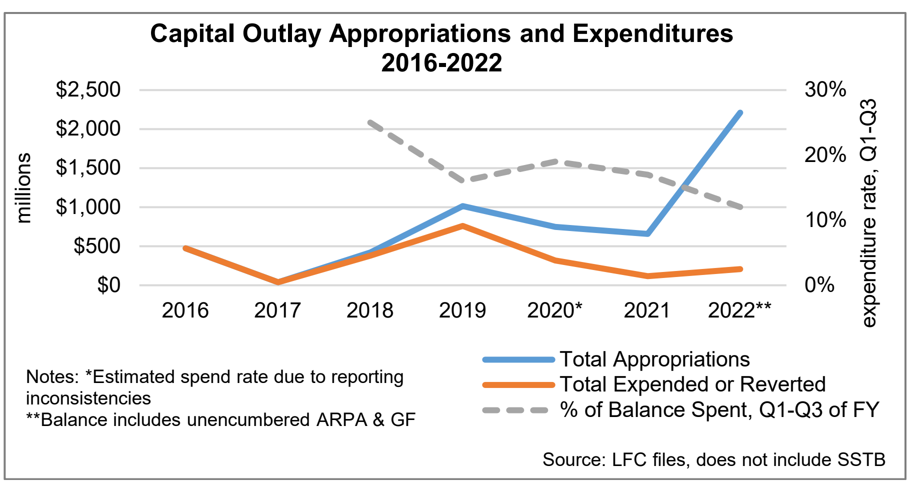
Public Infrastructure



Strong state revenues and an influx of federal dollars have supported historically large investments in capital projects in recent years. However, supply chain disruptions, rising construction costs, and systemic issues unique to New Mexico's approach to financing public infrastructure present hurdles to timely completion of existing and future projects. At the start of FY23, unspent capital funds reached $3.8 billion across roughly 4,600 projects. Ensuring these funds and future capital appropriations result in meaningful on-the-ground improvements will require a focused effort to address longstanding barriers to project success, including piecemeal funding, inadequate project vetting, and limited capacity at the local level to complete projects and manage assets.

Capital Landscape

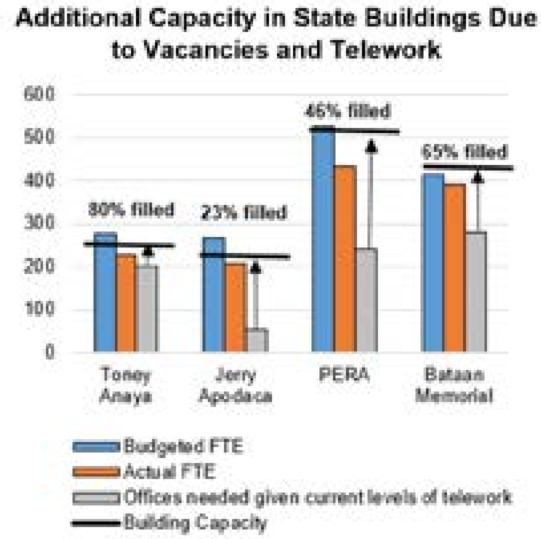
Demand for infrastructure dollars continues to exceed bonding capacity, the usual funding source for capital investments, even as state revenues surge. Capital outlay needs from state and local entities for the 2023 legislative session exceeded estimated severance tax bonding capacity by more than 200 percent, with roughly $3.6 billion in requests or priority needs compared with roughly $1 billion in bonding capacity. As of December 2022, requests included $243.3 million from higher education institutions and special schools and $808.3 million from state agencies, while infrastructure capital improvement plans submitted by local entities included $2.6 billion in unfunded needs for priority projects in FY24. With unspent balances from previously funded projects rising, the Legislature should consider not only need in its funding decisions but the capacity of state agencies, local entities, and the private sector to spend additional funds and complete projects. Additionally, general fund surpluses could allow lawmakers to prioritize the most critical capital needs with cash investments and avoid the need for debt financing for most projects. Such a strategy would make funds available to projects more quickly and allow additional revenue to flow to the permanent fund with the goal of increasing future recurring revenue.



Uncommitted Funds

While demand for legislative infrastructure appropriations exceeds capacity year after year, some other funding sources have struggled to find enough applicants. For the first time, the Public Schools Capital Outlay Council did not pursue a bond sale in June

2022 after two application cycles did not result in substantial commitments to new projects. At the start of FY23, uncommitted balances in the public schools capital outlay fund reached $539 million. Changes to funding formulas, offsets from legislative appropriations, improvements in school facilities, and pandemic-related disruptions all suppressed demand.



Note: Telework rates include the percentage of agency employees in a building who reported teleworking 50 percent or more of August 2022. Actual FTE equals filled FTE plus a 4 percent funded vacancy rate.
Source: LFC analysis of 2021 Santa Fe space master plan and SPO data

While this is a relatively new problem for the public schools fund, the state's federally backed revolving loan funds for water and wastewater infrastructure have struggled for years to commit available funds to projects, in part due to competition from legislative capital outlay and other sources of "free" state grant funding. The drinking water state revolving fund made significant progress in lowering its uncommitted balances in 2022, driven by a single large borrower, but uncommitted balances in the clean water state revolving fund remained persistently high at $85 million in summer 2022. More federal money will flow into the water and wastewater revolving funds in coming years from the Infrastructure Investment and Jobs Act, but if the state does not adopt a more coordinated and strategic approach to funding this critical infrastructure, it is likely to continue to struggle to put these funds to use.

Adapting to the Modern Workforce

State government has a significant physical footprint, with roughly 22 million square feet of owned and leased building space. This building space costs the state approximately $158 million each year in maintenance, utilities, and rental costs. Yet, much of this space is unused, a problem that predates the telework trend.

Long before the pandemic, state agencies were underutilizing available space. Underutilzation has been partially caused by agencies using the count of budgeted full-time employees (FTE) as a benchmark for space needs despite the number of filled positions being 21 percent lower than budgeted FTE. Underutilziation

A Closer Look: State Facilities and Space Utilization

An October 2022 LFC report, ***Program Evaluation: State Facilities and Space Utilization,*** concludes New Mexico pays up to $18 million a year for unoccupied office space due to vacancies and telework. The report found the state lacks a systemwide policy, future goals, or updated space standards regarding telework, recommended best practices from the U.S. Government Accountability Office. The General Services Department's Facility Management Division (FMD) is not fully exercising its statutory authority to oversee agency use of state building space, and despite longstanding authority to do so, the state has not enacted building use fees to incentivize agencies to manage space efficiently. Additionally, though it is moving slowly to adapt its footprint to a smaller workforce and new work environment, the state is planning a new $221.6 million executive office building that includes a $47 million underground parking garage. The agencies expected to occupy the new building have high rates of telework, and LFC staff observed hundreds of unused parking spaces around the state capital campus.

The report recommends FMD establish rules for determining whether agencies are effectively using their assigned space, whether requests for additional space are needed, and for reassigning space unused by agencies, and that the state change its space planning standards within the next fiscal year to plan building space needs based on funded full-time employees. The report further recommends piloting a building use fee schedule and reconsidering plans and cost estimates for the executive office building to reflect telework practices of the expected occupants and current construction costs.

Outstanding Appropriations in Select Agencies and Local Entities

Agency	Active Projects	Outstanding Balance (in thousands)
Department of Finance and Administration	1,296	$479,474
General Services Department	76	$205,243
Indian Affairs Department	424	$143,259
Department of Transportation	334	$159,050
Environment Department	403	$128,754
New Mexico State University	75	$56,823
University of New Mexico	79	$79,607
Albuquerque	410	$141,067
Navajo Nation	294	$69,341
Bernalillo County	147	$41,569
Taos County	17	$27,280
Santa Fe	37	$24,411
Las Cruces	52	$21,321
Albuquerque Public Schools	294	$17,223
Santa Fe County	53	$15,323
Sandoval County	27	$14,958
Gallup	22	$13,337
Roswell	15	$11,665

Source: CPMS, as of Sept. 2022

has been exacerbated by lower levels of filled positions and more recently by post-pandemic telework. Based on August 2022 data, up to 38 percent of state employees telework some amount of time on any given day. Over multiple site visits in the summer of 2022, LFC program evaluators found entire office buildings and several building floors of unused office space. All the employees of one agency occupying a building with a $1.2 million annual lease continue to telework, and the agency had no existing return-to-work plan.

New Mexico is at a crossroads, where the state could return to a prepandemic level of office use or reduce its building square footage in response to fewer employees and increased telework practices. While other states have reduced facilities footprints and lease costs in response to telework, New Mexico is paying up to $18 million statewide for unoccupied office space because of vacancies and telework.

Opportunities to Improve Local Project Success

"Local" capital projects are sponsored by individual legislators and the executive, who receive requests for funding from municipal and county governments, political subdivisions, and other entities. Local capital appropriations benefit the state and its communities by providing direct support for local priorities at no cost to municipalities, county governments, and other public entities. When completed, projects improve New Mexicans' economic prospects and quality of life. However, numerous obstacles prevent completion of projects in a timely manner—or at all. For years, the state has not lacked clarity on the sources of these obstacles or potential solutions. What it has lacked is action to implement solutions. Without such action, the state will continue to struggle to maximize the impact of capital funds on community well-being. Lawmakers have an opportunity to pursue improvements to the system and, in doing so, to help ensure the unprecedented revenues available for infrastructure make a meaningful difference around the state.

Establishing a Centralized Infrastructure Office. Limited capital outlay dollars are often appropriated to projects for which other dedicated funding sources exist, including grant funding. Due to a lack of centralized infrastructure planning, capital outlay dollars are not used strategically to supplement such sources for communities or projects of greatest need. This can contribute to geographic inequity, lead to project delays, and increase overall costs, particularly when communities opt to chase capital outlay dollars year after year to fully fund projects. For example, water and wastewater projects are among the most common capital outlay appropriations even though other dedicated funding sources exist, including underutilized federal funds, and despite the fact that these are typically expensive projects that are difficult to fully fund through capital outlay. The average capital outlay appropriation to water projects was roughly $298 thousand in 2022. In comparison, the average project award from the Water Trust Board was $2.1 million.

Percent Expended of Appropriations to Statewide, Local, and Higher Education Projects

Year	Statewide Projects	Higher Education Projects	Local Projects
2019	79%	85%	62%
2020	49%	17%	37%
2021	26%	16%	16%
2022	2%	3%	0%
Total	**36%**	**35%**	**29%**

Source: CPMS, as of Sept. 2022

A standalone infrastructure office could be established to conduct statewide needs assessments to guide funding decisions; to provide project development assistance for local entities; to coordinate and navigate state and federal funding opportunities; to coordinate or provide grant writing, grant administration, and project management support; and to otherwise support timely project completion. Currently, though state agencies conduct oversight of local capital appropriations to ensure funds are spent consistent with legislative intent, no one within state government is expressly charged with ensuring projects reach full funding, are completed, and put into service for the public.

After creating such an entity, the Legislature could direct it to return to the body at a specified date with recommendations on the scope of its duties and improved alignment of capital functions within other agencies to improve efficiency and outcomes resulting from capital appropriations.

Completing Existing Projects. Rising construction costs, supply chain issues, and labor shortages are contributing to project delays, forcing entities to reduce project scope, and jeopardizing project completion. Compared with other funding sources, capital outlay has limited flexibility to address shortfalls during the course of a project, and the state does not currently have a systematic way of identifying projects that are delayed by inflation-driven budget issues. Additionally, capital outlay projects often receive only partial funding. Piecemeal funding makes it difficult to secure contractors, strains local and state agency project management capacity, contributes to project delays, and can drive up overall costs. To address these issues, the Legislature could make appropriations to several existing funds that could be utilized to fill gaps for priority project types, including water systems and transportation. Legislators could also prioritize their individual discretionary funds to complete high-priority projects experiencing relatively minor shortfalls and to new projects that can reach full funding with available capital appropriations. Coordinating with other lawmakers with shared constituencies makes it more possible to fully fund projects with discretionary funds.

Improved Vetting of Local Requests. Legislators receive a large volume of requests and must make funding decisions quickly with limited staff support. This makes vetting requests for need, quality, and readiness difficult and inconsistent. As a result, many projects are funded before planning is complete, before they are ready for construction, without consideration of local financial and managerial capacity to execute the project, and with appropriations that represent only a fraction of the total cost of a phase or the project as a whole. Piecemeal funding can delay projects and increase overall costs. Approximately 40 percent of the nearly 1,300 projects to receive capital outlay funding in the 2022 capital bill received 50 percent or less of requested funds. Legislators could voluntarily apply vetting criteria recommended by legislative staff when considering requests and implement vetting during the bill process, with staff support.

Project Management and Oversight. Both state agencies and local governments play a key role in managing projects to completion, and a lack of capacity at both levels can negatively impact projects. Currently, management and oversight of capital outlay projects is distributed across numerous state agencies with varying capacity to provide effective project management and technical support to local governments. What capacity exists is strained by the sheer volume of active

Recommended Local Project Vetting Criteria

- ✓ Project reduces health and safety hazards or provides key infrastructure for economic development;
- ✓ Project is a top-three priority on a public entity's ICIP;
- ✓ Total project cost is based on estimates provided by a contractor, engineer, architect, or other qualified professional;
- ✓ Land, property, rights of way, or easements required to begin construction have been acquired;
- ✓ Request fully funds the project or a functional phase;
- ✓ Funding requested could not be secured through other sources;
- ✓ Entity has committed some local revenues to the project.

LFC Online: Understanding Government Finances

Finance Facts: Capital Outlay Process

For more info:

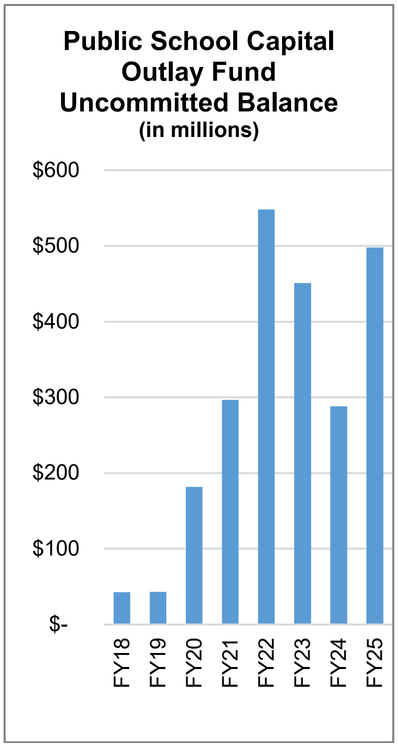
General Services Department Performance Page 152

LFC Online: Understanding Government Finances

Finance Facts: Public School Capital Outlay

projects, which has increased with rising revenues. Additionally, limited technical, financial, and administrative capacity at the local level makes it difficult to access funding for projects from sources other than capital outlay and to keep projects moving. Targeted and relatively minor staffing increases in key agencies, such as the Environment Department, Department of Finance and Administration, and Indian Affairs Department could improve support available to local entities, as could appropriations for capacity building among technical assistance providers, such as the Councils of Governments.

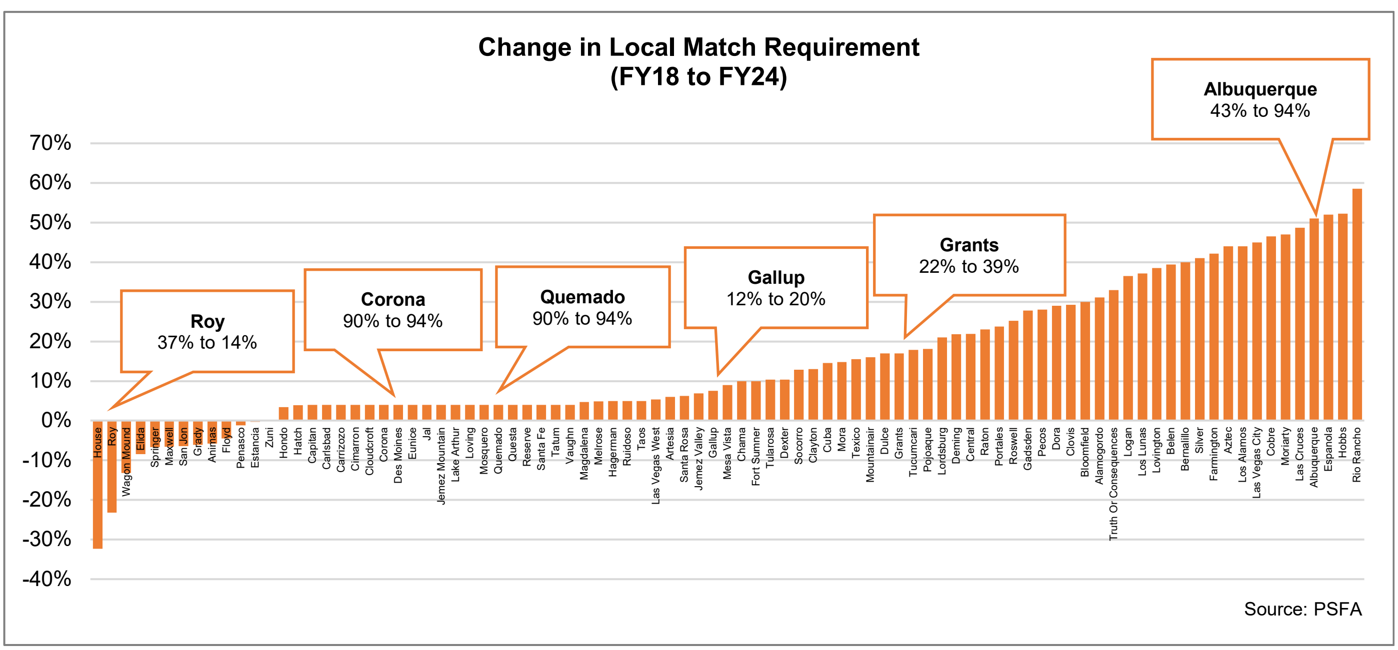
Public School Capital Outlay



The 1999 *Zuni* capital outlay adequacy lawsuit, which found the prior practice of locally funded school construction was unfair to property-poor districts, remains open despite the state's investment of $2.6 billion since the ruling to improve school facilities. In 2015, plaintiff school districts asked the 11th Judicial District Court for a status hearing on new claims of inequity in capital resources. The district court ruled in favor of the plaintiffs and denied the state's motion to reconsider the ruling. The state is now in the process of appealing the district court's ruling.

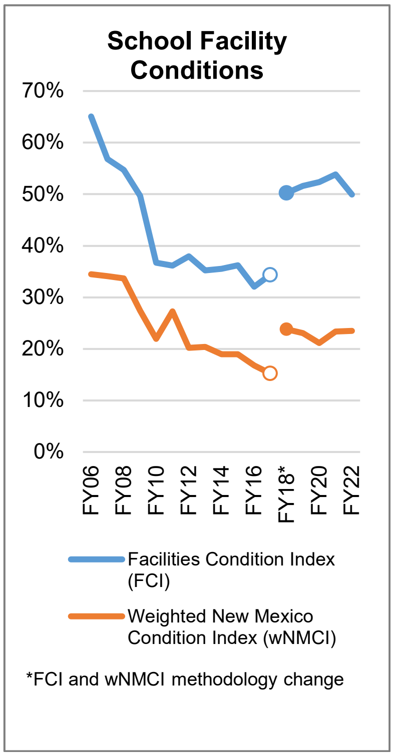
At the same time, recent applications to the state's public school capital outlay fund—created to address the *Zuni* lawsuit—have dwindled, while growth in oil and gas revenue has expanded the state's capacity to finance school facility projects. Legislated changes to funding formulas, outstanding legislative offset balances, improvements in overall school facility conditions, and pandemic-related disruptions have all contributed to reduced demand for state funding and uncommitted balances in the public school capital outlay fund exceeding half a billion dollars.

Formula Changes. In 2019, the Legislature created a new formula that shifted more of the burden for financing public school capital outlay to property-wealthy districts with a formula to be fully implemented by FY24. And in 2021,



the Legislature removed deductions for federal Impact Aid payments to school districts with federal property from the school operational funding formula, allocating $66 million in new money primarily to *Zuni* plaintiff districts for capital outlay, Indian education, and at-risk student programs.

Both changes were intended to establish greater equity among districts in response to the *Zuni* lawsuit. However, these legislative actions likely shifted the balance of resources too far; many districts are having trouble affording their local share of projects, while Impact Aid districts are ramping up their own capital outlay projects.



Legislative Offsets. By law the Public School Capital Outlay Council (PSCOC) must reduce, or "offset," state awards for school capital outlay when the district receives a direct appropriation from the Legislature. Offsets accumulate over time and have become cost-prohibitive credits against some district awards. Legislators often give school districts direct appropriations in annual capital outlay bills, sometimes unintentionally creating an offset. While districts have the option to refuse these appropriations, few do so.

While originally intended to promote equity between districts with differing levels of individual legislative support, offsets have discouraged some districts from applying to PSCOC for funding. The Legislature should consider whether decades-old direct legislative appropriations are still relevant to current projects and whether offsets are the appropriate mechanism to promote equitable access resources.

School Conditions. New Mexico's school facility conditions have significantly improved since the *Zuni* lawsuit. PSCOC uses two indices to measure the condition of a school building—the facility condition index (FCI), a ratio of the cost of repair and improvement against the cost to replace the facility, and the weighted New Mexico condition index (wNMCI), an FCI score that includes additional weights for educational adequacy. For both, a lower number reflects a building in better condition, and these indicies are used to rank projects for priority funding. Generally, PSCOC considers replacing rather than renovating and repairing a building with an FCI greater than 60 percent.

The state's investment has improved the statewide average FCI from 70 percent in FY04 to 50 percent in FY22. Furthermore, the average wNMCI for all school districts has improved from 40.5 percent in FY05 to 23.5 percent in FY22, and more schools are leveraging tools provided by the Public School Facilities Authority (PSFA) to improve maintenance. PSFA's facility maintenance assessment report suggests statewide average maintenance quality is meeting 72 percent of benchmark practices—meaning most facilities are maintained at a level that will help systems reach their full expected building life.

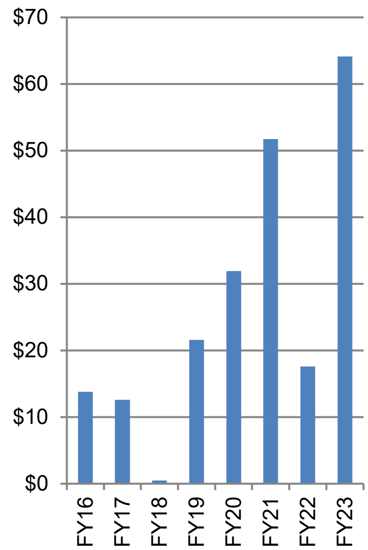
For more info:
Information Technology Projects Performance Page 161

Public School Capital Outlay Initiatives

Pandemic Aid. Federal emergency relief for public schools during the pandemic authorized the use of funds for educational technology and facility improvements relating to air quality. Given spending deadlines for federal funds, many schools have budgeted emergency aid for computers, Internet connectivity, and heating, ventilation, and air conditioning systems. Some districts have also leveraged federal funds to build athletic fields or career technical education (CTE) facilities. Although federal dollars have alleviated some pressure from PSCOC to award funds for similar purposes, these current infrastructure investments will increase demand for replacements and upgrades moving forward.

School Safety. Although PSCOC's school safety and security initiative ended in FY22, recent school shootings have reignited concerns relating to school security infrastructure. PSCOC's previous security initiative was administratively burdensome, requiring PSFA to oversee hundreds of small security projects that took years to begin. Rather than creating a standalone PSCOC program for security insfrastructure, the Legislature should consider providing a distribution similar to the $75 million state allocation provided formulaically to school districts in Laws 2022, Chapter 53, to expedite project timelines and reduce administrative burdens.

General Fund IT Appropriations (in millions)



Source: General Approriation Acts

Other Facility Needs. In response to community demand, school districts have begun expanding CTE facilities to address business workforce needs and prekindergarten classrooms to address early childhood care and education needs. Prekindergarten classroom awards have slowed due to low enrollment during the pandemic, legislative offsets, and difficulties with meeting local match requirements. With significant uncommitted balances in the public school capital outlay fund, the Legislature has an opportunity to consider expanding uses of the fund for these facilities in the short run.

Information Technology

Demand for IT upgrades and replacements has grown over 180 percent since FY20, with an estimated $215 million requested for enhancements or upgrades for FY24 compared with just $75 million in FY20. Of this total, the state share requested has increased 77 percent, from $57.9 million in FY20 to $102.8 million for FY24. Additional federal funding opportunities have also helped expand these efforts, with an estimated four-fold increase in federal participation expected for state IT projects, from $16.3 million in FY20 to $81.5 million in FY24.

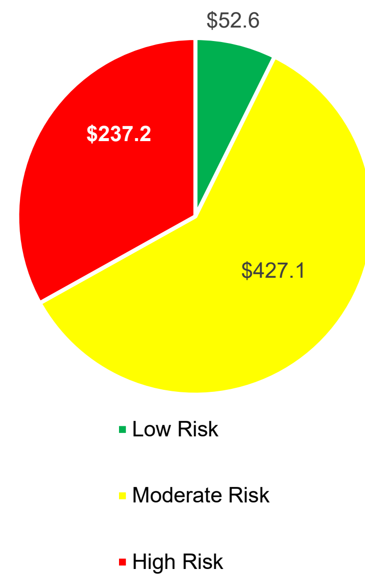
The increased demand for modernization projects, replacement projects, and new priority systems was likely exacerbated by the Covid-19 pandemic response, which highlighted the need for remote and secure access to education, business, and healthcare services. Demand for new databases has also grown; several agencies are requesting new databases to improve data analytics and reporting capabilities to guide decision-making processes. However, limitations in state agency capacity for project management and delays among existing projects pose concern that systems being built will be obsolete by the time they are complete. In response, many agencies are using modular strategies—which allow individual system modules to be changed or upgraded without affecting the whole system—and are developing cloud-based systems to allow ongoing upgrades and maintenance to prevent quick obsolescence.

LFC Online: Understanding Government Finances

Finance Facts: Local Capital Outlay Planning

In addition to priority IT system or software projects, statewide broadband and cybersecurity initiatives have received growing attention in response to increased demand for remote access at schools and businesses and a growing prevalence of cyberattacks and breaches. The state and DoIT should prioritize projects and overarching planning efforts in areas of IT modernization, broadband, and cybersecurity to ensure high return on investment, to best leverage the existing state funding, and take advantage of new federal funding opportunities. To support DoIT in its role as overseer and service provider, the state should work to identify and expand project management capabilities across the state's IT workforce to ensure adequate capacity to manage a large portfolio of IT projects and strategic initiatives.

Project Appropriations by Risk Status (millions)



Broadband

During the Covid-19 pandemic, DoIT and other entities faced a changing broadband landscape and increased need during closures of schools, government, businesses, and critical health and social service entities. In total, the state has seen an investment of nearly $300 million in state and federal funds for broadband expansion and planning efforts at state agencies, though very little has been spent. Spurred by the pandemic, DoIT invested in emergency connectivity and planning using a $10 million capital outlay appropriation for rural broadband. Further, the Legislature took action in 2021 to create new broadband governance through the Broadband Access and Expansion and the Connect New Mexico acts, which created the Office of Broadband Access and Expansion (OBAE), the Connect New Mexico Council, and the connect New Mexico fund, which was appropriated $100 million. Additional funds were appropriated throughout 2021 and 2022 to support broadband statewide. A director for the office was brought on in July 2022 and the office is fully staffed as of November 2022. Further, OBAE has met deadlines to apply for some new federal broadband grant programs.

Still lacking from OBAE, however, is an overarching strategy and plan to spend existing broadband appropriations and coordinate the various public and private broadband expansion efforts undertaken across the state. DoIT and OBAE will need to expand their staff and administrative capabilities to track existing funding and support administration of new broadband grant programs. For instance, the agency is piloting a broadband grant program using $123 million in federal funding appropriated in 2022 to fund eligible projects. This program will lay the foundations for administering additional connect New Mexico dollars, which were appropriated in 2021 for purposes of providing grants.

IT Project Status Report Ratings, FY22 Q4

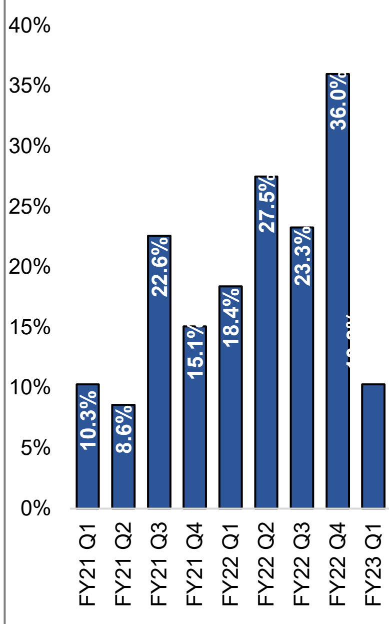
Agency & Project Name	Overall Rating	Project Cost (millions)	Appropriated (millions)
HSD's MMISR		$346.3	$294.5
State Broadband Program		$237.2	$237.2
DoIT's P25		$170.0	$65.2
CYFD's CCWIS		$71.1	$17.5
HSD's CSESR		$70.8	$32.9
NMCD's OMS		$14.8	$15.5
SLO's RAPS		$11.9	$11.9
DoIT's Rural Broadband		$10.0	$10.0
HED's NMLDS		$9.9	$7.5
DPS's RMS		$7.4	$7.4
DoIT's Cyber Upgrade		$7.0	$7.0
RLD's Accela Replacement		$7.3	$7.3
DPS's CAD		$3.0	$3.0
Totals		$966.7	$716.9
% of Costs Funded		*74.2%*	

Cybersecurity

Since 2018, New Mexico state and local government, hospitals, public school districts, and higher education institutions have been victim at least 28 cybersecurity and ransomware attacks. The U.S. Department of Homeland Security (DHS) and the National Association of State Chief Information Officers (NASCIO) believe cybersecurity should be governed as a strategic enterprise across state government and other public sectors in areas of workforce and education, strategy and planning, risk identification and mitigation, and incident response, among others. New Mexico is moving toward centralized oversight of cybersecurity by shoring up investments at DoIT to support a statewide cybersecurity strategy, to include state and local governments and eventually school districts and other sectors.

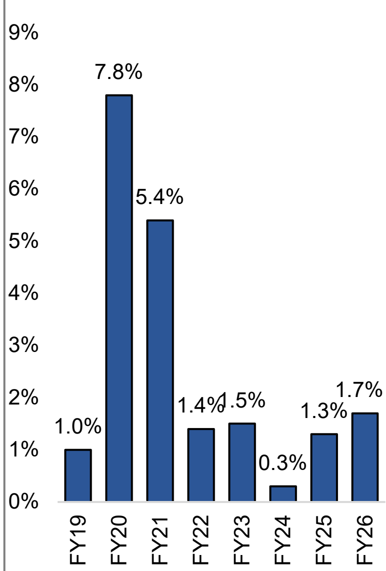
DoIT has been appropriated $7 million since FY19 to support its cybersecurity project, not including operating funds of $1 million in FY23 and $19 million of a $20 million appropriation for broadband and cybersecurity from 2022. DoIT has identified the need for recurring funding in future years to support cybersecurity at appropriate levels, and the agency is seeking $5 million in additional operating funds for this purpose for FY24. DoIT is also working to develop a cybersecurity plan to address strategic initiatives and to meet requirements for new federal grant programs. Further, to support these planning efforts, the Office of the Governor established a cybersecurity committee in September 2022 to include representation from DoIT, the Department of Homeland Security, the Higher Education Department, and other local expertise, which should improve planning and oversight capabilities of the state. In the long-term, the committee and DoIT will need to address or amend policy in areas of data governance, incident reporting, information sharing, and asset management to ensure policies align with recommended best practices.

Bid Price Over Estimate, By Quarter



Source: NMDOT

Forecast Growth in State Road Fund Revenue



Source: NMDOT

Project Management and Oversight

DoIT has established some processes aligned with best practices to help oversee and manage state agency IT projects. For instance, the DoIT IT project data dashboard is available on the agency's website and has improved accountability and transparency for state IT projects. However, the dashboard contains self-reported information from agencies and is limited in the amount of information that can be uploaded. As part of its FY24 priorities, DoIT is seeking to modernize its enterprise project management office to obtain greater efficiencies for document submission, allow additional data analytic capabilities, and shift focus from document management to project oversight and strategic planning. This and other efforts to improve project management practices for IT should align with best practices by establishing more formal governance and accountability structures and a more comprehensive oversight process, especially as the state continues to see an increased prevalence of high-cost, long-term projects, which pose more risk.

Further, DoIT should assess the state's capacity for managing new federal funding, including new grants established for broadband, and for providing cybersecurity support at the state and local level. For instance, only 35 current positions in state government are explicitly for cybersecurity. This lack of skilled employees and project managers is exacerbated by the growing demand for these professionals and, therefore, the growing competition with the private sector. DoIT and the new Office of Broadband Access and Expansion will be tasked with managing a grant portfolio, both for those grants received to the office by the federal government and for grants administered by the office to other entities. This need for qualified project managers is reflected in the capital outlay sector as well, and the capacity for managing and administering needed funds should be shored up to meet growing demand for these initiatives.

Transportation Infrastructure

Although both the state and federal governments have significantly increased funding for road infrastructure, continuing cost escalation could limit the ability of the Department of Transportation (NMDOT) to make strategic investments. The department reports project bid prices routinely surpassed engineer's estimates of projects costs in FY22, with quarterly average bid-over-estimates amounts ranging from 18 percent in the first quarter to 36 percent in the fourth quarter. Collectively, NMDOT estimated the cost of the 42 projects put to bid in FY22 at $348.9 million, but actual bids came in at $436.1 million, an underestimate of $87.2 million, or 25 percent. While the gap between estimates and bid prices has narrowed, this is largely because of upward revisions to engineers' estimates to reflect price increase, rather than a reduction in bid pricing.

Meanwhile, many local governments struggle to bring projects to completiton. Of the $300 million in capital outlay funding for small, local transportation projects currently outstanding, $147 million is tied up in 313 projects that have been delayed or where there is little evidence of ongoing activity. Disparate funding streams for local road projects—with state money flowing through the local government road fund, the transportation project fund, and through direct capital outlay appropriations—add complexity to the system, and improved coordination could make it easier for local governments to apply for road funding.

For more info:

Department of Transportation Performance
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LFC Online: Understanding Government Finances

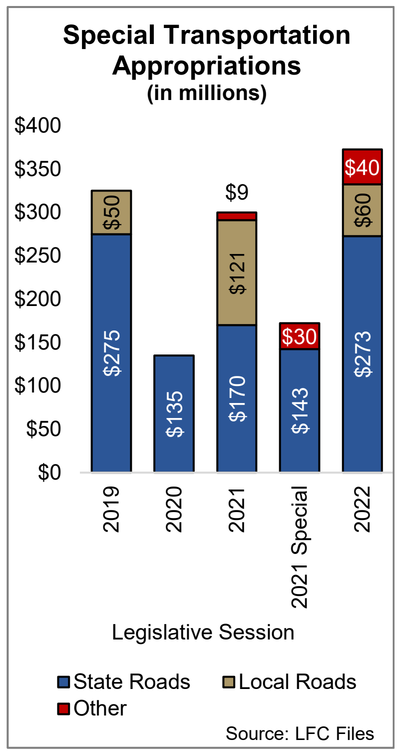
Finance Facts: Highway Funding

Road Funding

While revenues into the state road fund have been strong in recent years, revenues have not kept pace with the cost of construction. From FY18 to FY22, state road fund revenues grew by 17.4 percent, driven largely by new revenue from the motor vehicle excise tax, but construction costs, as measured by the Federal Highway Administration's National Highway Construction Cost Index, increased by 24.6 percent over the same period. However, the state is projecting savings as debt service payments fall from $175 million in FY23 and $194 million in FY24 to about $111 million in FY25 through FY30.

NMDOT's operating budget consists primarily of revenue from the federal government and from the state road fund, which receives tax revenue from gasoline and diesel sales, taxes and fees on commercial trucking, and vehicle registration fees. Generally, major road construction projects are funded with federal dollars, with state road fund revenue used to meet matching requirements, for maintenance activity, and to support department administration.

Revenues from gasoline taxes, at one time the largest source of state road fund revenue but now second to taxes on diesel, have been largely flat for the last five years. Although the department expects gasoline tax revenue to remain stable in the near future, increasing fuel economy poses a challenge to revenue for road projects. Additionally, NMDOT has begun planning for the expansion of electric vehicle charging infrastructure, backed by $38 million in federal funds and $11.5 million in state funds. As consumers shift away from gasoline powered vehicles in favor of electric vehicles, the state will lose a major source of revenue traditionally used for road funding.



Nonrecurring Investments

The Legislature has recognized NMDOT's recurring revenue sources have not been enough to maintain New Mexico's roadways while investing in larger improvements. Deteriorating conditions showed in NMDOT's performance reports, where the department reported the number of lane miles in poor condition grew from 3,783 in 2018 to 4,420 in 2019, and 6,805 in 2020. To reverse this trend, the Legislature has appropriated more than $1.3 billion since 2019 to NMDOT for statewide investments in transportation infrastructure, largely for construction and maintenance projects on state roads, but also for smaller projects

LFC Online: Understanding Government Finances

Finance Facts: Bonding Capacity

at the local level, to improve highway rest areas, and for the department to replace aging equipment.

This funding has enabled the department to plan, design, or construct 80 major investment projects—large investments designed to expand capacity or significantly improve existing infrastructure—across the state. So far, only a small number of major investment projectshave been completed. These projects are typically multi-year efforts and blend several funding sources, including federal highway funds, revenue from the state road fund, and direct capital outlay appropriations in some cases. According to information from NMDOT, it can take more than a year from project funding to when a project is put out to bid.

The long timeframes for these projects has proved challenging but the department is making progress on road conditions. After many years of reporting worsening conditions of New Mexico's roads, NMDOT reported significant improvements in road conditions, with the number of lane miles rated in poor condition falling from 6,805 in 2020 to 1,451 in 2021. The department credits both additional resources for road maintenance and improved data collection for the improvements. Additionally, NMDOT reports cost escalations have left funding gaps in high-priorirty department projects. In some cases, projects partially funded by previous special transportation appropriatons face funding gaps for the next phase of construction. As a result, NMDOT is prioritizing funding currently planned and designed projects, rather than undertaking new projects.

However, the department has undertaken some long-term planning activity. With a $20 million appropriation from the Legislature, the department has begun planning for expanding the capacity of Interstate 40. The department reports heavy traffic volumes and notes accidents and lane closures can lead to significant delays. The department has contracted with an engineering firm to identify how to divide the project into manageable phases and began public meetings in the fall.

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The impacts of climate change are forcing New Mexico's natural resource management agencies to plan for a much drier, hotter future. While the agencies responsible for managing the state's water resources have made progress toward improving both the efficiency of the state's water systems and quality of the water supply, many challenges remain. New Mexico's energy policy, historically driven by fossil fuel extraction, is adapting to a changing and, in some cases, expanded role as the federal government works to wean the energy grid off fossil fuels. Using evidence-based, data-driven practices to shape how state policy manages water, land, energy, mineral, and natural resources will be critical to delivering the prosperous future citizens of New Mexico deserve.

For more info:

Energy, Minerals and Natural Resources Performance
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Water Quality, Management, and Planning

While 91 percent of nontribal water system customers, or more than 1.7 million New Mexicans received drinking water that met all health-based standards in 2022 based on the Environment Department's (NMED) sampling of 570 community water systems, almost 190 thousand did not. To ensure all New Mexicans have access to safe water, the state's water management agencies will likely need additional funding to grow and maintain the technical workforce of water system managers, plant operators, and project managers to fulfill their mission and oversee critical infrastructure improvements needed to ensure a safe and reliable water supply. Proposed changes to the federal government's water quality standards will also present a daunting task for the agencies charged with protecting New Mexico's drinking water. In addition, New Mexico's tribal nations and pueblos will need to invest further in water and wastewater systems. A majority of New Mexico households without running water, or with water that does not meet clean drinking water standards, live on tribal land.

Climate Change Impacts on Water in New Mexico

In March 2022, the New Mexico Bureau of Geology and Mineral Resources (NMBGMR) published the report ***Climate Change in New Mexico over the Next 50 Years*** specifically focused on the impacts on water resources. The report synthesizes peer-reviewed research on and formed the theoretical framework for drafting the **50-year water plan**, which made policy recommendations for the governor and the Legislature to consider as the state grapples with the challenges of the energy transition and a warmer, more arid future.

Drought Management and Water Planning

Despite the early onset of summer rains in 2022, New Mexico continues to face prolonged drought that stresses water users and natural systems across the state. While water scarcity is by no means a new challenge for New Mexico, weather trends have exacerbated the situation, necessitating innovation in water management that will help the state adapt to its new reality. The state climatologist says the effects of climate change and a semi-permanent high-pressure system over the West can be seen in New Mexico's intensifying long-term drought and rising temperatures. Leadership at the Office of the State Engineer (OSE) is working to refocus the agency's priorities on big-picture planning and investments that can mitigate the impact of water scarcity on New Mexico's residents and economy.

LFC Online: Understanding Government Finances

Finance Facts: Oil and Natural Gas Production

Impacts on Agriculture. In July 2022, the Rio Grande ran dry in Albuquerque for the first time in 40 years, and concerns around agricultural use of water predictably

Active Water Resource Management (AWRM)

AWRM refers to the systems and tools needed to enable the State Engineer (OSE) to actively manage the state's limited water resources. In New Mexico, the state constitution makes *priority of right* the basis for water administration. Priority administration remains an undesirable outcome because it would mean senior water right holders would get their entire water allocation before junior water right holders received any. To avoid this outcome, OSE is emphasizing the need for efficient use of water already in the system, while also exploring options to expand the state's available water supply. Prolonged drought in recent years has forced OSE to recognize that, should it become necessary to conduct priority administration, the tools needed for AWRM do not exist at scale. The tools needed include statewide measuring and metering, revised rules and regulations, the creation of water districts, appointment of water masters, and development of water master manuals.

received increased attention. In 2020, the state's agricultural industry was valued at $3 billion and was estimated to account for 13 percent of the state's gross domestic product. However, while agriculture supports an estimated 51 thousand jobs statewide, it accounts for 75 to 80 percent of the state's consumptive water use. Agriculture production choices have faced increased scrutiny as well, dairy and pecan farms, among the highest grossing sectors, are water-intensive, and not necessarily suited to New Mexico's arid climate. As the state looks to adopt policies that require reductions in consumptive water use, the agricultural industry must be a partner.

50-Year Water Plan. In the draft *50-Year Water Plan*, prepared by the OSE and Interstate Stream Commission (ISC), recommendations are centered on improving and protecting groundwater and watershed health, modernizing water management practices and infrastructure, and engaging a wide array of stakeholders in ongoing water planning and research. The draft plan does not, however, include specifics such as the cost of projects or proposed investment levels needed to achieve the goals it lays out.

Water Policy and Infrastructure Task Force. A report by the governor's Water Policy and Infrastructure Task Force was published with recommendations in December 2022. Based on the report and recent discussions with interim committees, it is apparent that the OSE and ISC will be called upon to take a more active role in water planning and project development, as well as compliance and enforcement. The task force's report calls for an interagency water project review team to develop and implement a process for vetting water-related capital outlay funding requests. The proposed Water Infrastructure Projects Authority would evaluate proposals using standards-based criteria and establish a definition for project eligibility. It would be responsible for scoring projects and providing the Legislature with prioritized recommendations for funding on an annual basis. This proposal aligns with a previously published LFC program evaluation that provided similar recommendations.

Regulatory and Legal Challenges

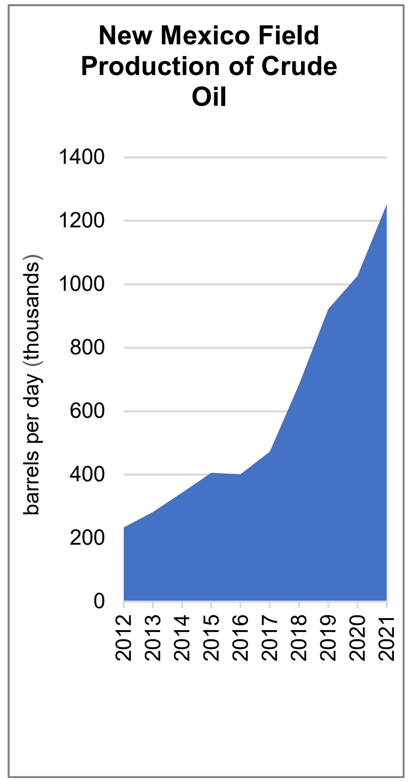
PFAS. Per- and polyfluoroalkyl substances (PFAS) continue to be high profile in the Environment Department's (NMED) Water Protection Program (WPP) ongoing efforts to identify and address emerging contaminants. New Mexico initiated litigation against the U.S. Air Force after PFAS groundwater contamination was discovered near Cannon Air Force Base in 2018. Although never detected in the drinking water supply, PFAS was found in livestock and the contamination put at least one dairy producer, who was required to destroy their entire herd, completely out of business. Used in fire suppression extensively by the Air Force, PFAS are a family of "emerging contaminants" in wide use since the 1940s but with environmental and human health risks not yet fully understood. PFAS do not readily break down and can, therefore, accumulate and remain in the human body and the environment for long periods of time.

WPP began incorporating PFAS monitoring into groundwater discharge permits and federal surface water discharge permits in February 2021 and is coordinating with outside experts to explore anticipated impacts resulting from proposed changes in the federal regulation that would classify PFAS as a hazardous substance. That classification, if adopted would reignite New Mexico's stalled litigation against the U.S. Air Force. NMED and the Office of the Natural Resource Trustee are also preparing court actions against the U.S. Department of Energy and Department of Defense for historic PFAS use at Air Force bases and national laboratories.

Texas v. New Mexico. New Mexico's legal and technical teams continue to work toward a settlement of litigation related to the state's fulfillment of water delivery obligations under the Rio Grande Compact. Attorneys for New Mexico and Texas have been negotiating a settlement and are aiming to complete the deal ahead of a trial, tentatively scheduled for January 2023. At stake in this case is continuing irrigation in the Lower Rio Grande Basin and the drinking water supplies of many communities south of Elephant Butte.

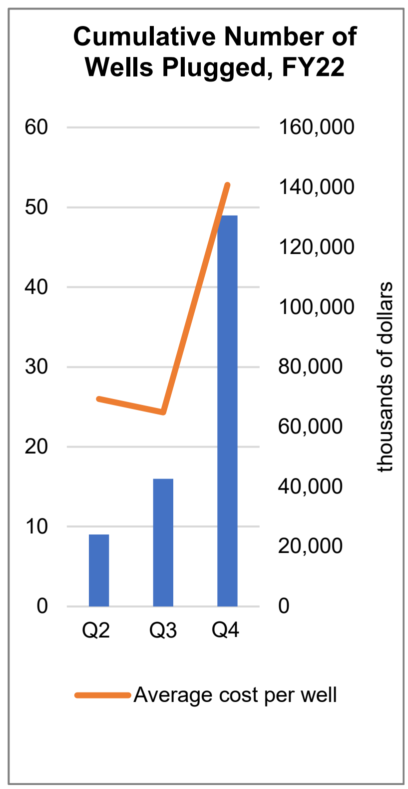
Energy

New Mexico is the United States' second-largest oil and natural gas producer, and fossil fuel production continues to be a significant—arguably the most significant—economic driver in the New Mexico economy. However, environmental and economic factors continue to push the state to replace fossil fuel extraction with the development of renewable energy resources. State implementation of the Energy Transition Act of 2019 continues to increase the share of electricity produced by renewable resources. However, some industries have not made the progress they hoped for. The Federal Infrastructure Investment and Jobs Act (IIJA) and Inflation Reduction act (IRA) provided significant funding to develop renewable energy resources. It remains to be seen whether New Mexico can leverage these opportunities to aid in the transition to a "clean energy economy."

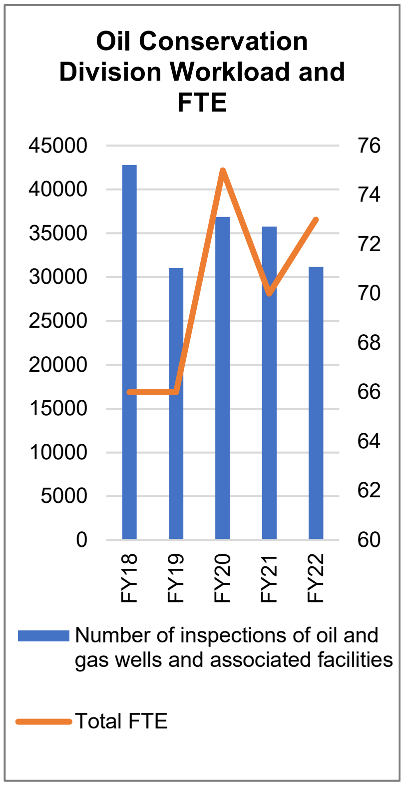


Renewable Energy on Trust Land

The State Land Office, which generates income for a specific set of state beneficiaries from activities on constitutionally designated trust lands, makes the overwhelming majority of its income from oil and gas activity but is increasingly generating income from land use leases with renewable energy companies. Unlike traditional trust land leases, the leases for wind turbine fields are structured to include either a set fee per turbine or a share of income, whichever is greater, once energy is being generated. Income from renewable energy leases in small part offsets a decline in oil and gas lease "bonus" income, which dropped from $107 million in FY18 to $21 million in FY22 largely because almost all trust land parcels in the high-value Permian Basin are leased. Oil and gas producers pay an upfront bonus for the right to lease trust land; with fewer parcels available, bonus income has dropped.



Renewable energy represents a small but rapidly growing sector in the trust land portfolio. From January 2019 through September 2022, annual revenue from renewable leases on state land increased 1,400 percent, and the number of active leases increased 208 percent. However, dollar amounts are still limited compared with oil and gas. Wind energy leases, the bulk of the renewable energy leases, generated $11.3 million in revenue in FY22, just a little over half the diminished oil and gas bonus amount. Nevertheless, the office expects long-term returns to total in the hundreds of millions over the life of several projects. The agency is in the process of developing a model to generate a more accurate projection of renewable energy income.



For more info:

Environment Department Performance Page 144

Increased Oversight of the Oil and Gas Industry

New Mexico continued to see record-breaking oil and gas production in 2022. While the revenues generated from this industry have helped pad the state's coffers, it also increased drilling activity, which resulted in a greater workload on regulators. Along with NMED, the Energy, Mineral, and Natural Resources Department's (EMNRD) Oil Conservation Division (OCD) shoulders much of the regulatory workload for this industry. OCD gathers oil and gas well production data; permits new oil, gas, and injection wells; enforces the division's rules, orders, and state oil and gas statutes; and ensures that abandoned wells are properly plugged.

Methane and Ozone Precursors. In early 2022, Environmental Improvement Board concluded a multi-year joint project between NMED and EMNRD to reduce methane emissions from the oil and gas industry with the adoption of NMED regulations that require oil and natural gas producers to replace pneumatic controllers, which release a significant amount of methane and ozone contaminants as they control temperature, pressure and other production, with zero-emission alternatives. New Mexico is one of the top 10 states for greenhouse gas emissions per capita, in large part because of natural gas production, and the U.S. Energy Information Administration reports venting and flaring of natural gas in New Mexico increased by more than 7,000 percent over the last decade. According to the World Health Organization, methane is responsible for 230 thousand chronic respiratory disease deaths worldwide each year and is highly efficient at trapping heat in the atmosphere. Even at relatively low levels, ozone in the air can cause the muscles in human airways to constrict, leading to wheezing and shortness of breath and a variety of related health problems.

In FY20, NMED and EMNRD drafted rules and submitted them to the Environmental Improvement Board and the Oil Conservation Commission, respectively, for consideration. The Oil Conservation Commission approved EMNRD's rule, focused on preventing waste of methane from oil and natural gas operations, and the first phase went into effect in May 2021. Both rules focus on incentivizing technological solutions to improve data collection, monitoring, and compliance. EMNRD's rule requires operators to capture 98 percent of their natural gas waste by the end of 2026, prohibits routine venting and flaring, and requires detailed reporting of natural gas loss.

Produced Water. While most "produced" water is naturally occurring, highly saline water recovered during oil and gas production, produced water may also include fluids used during drilling, such as hydraulic fracturing fluids and the ratio of produced water to oil generated during extraction is almost 10 to 1. Laws 2019, Chapter 70 created the Produced Water Act to authorize the state to regulate produced water and amended the Water Quality Act to authorize NMED to adopt rules concerning the discharge, handling, transport, storage, recycling or treatment of produced water. A joint effort of NMED and New Mexico State University (NMSU), a produced water research consortium has provided information to industry and state leaders to enhance understanding of the impacts of produced water use in the industry and flag essential developments of water extraction and subsurface injection, such as increased seismic activity in the Permian Basin. Finding a way to put produced water to use within the industry or in agriculture is critical to protecting dwindling freshwater supplies.

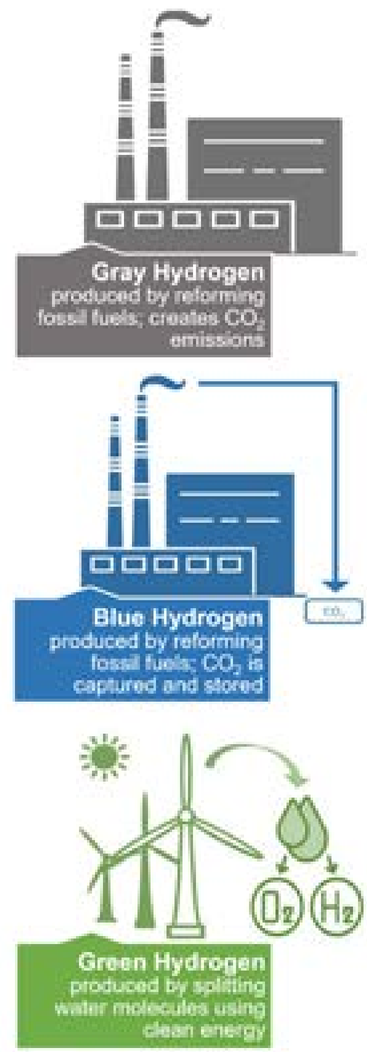
LFC Online: Understanding Government Finances

Finance Facts: State Land Trust

Orphaned and Abandoned Well Cleanup. OCD is focusing its plugging efforts on large oil fields containing old, poorly maintained orphan well sites requiring additional time and resources to remediate. Since 2015, OCD has plugged 234 wells on state and private land. (The State Land Office Accountability and Enforcement Program plugged an additional 130 abandoned oil and gas wells on state trust lands.) In FY22, OCD spent $3.4 million in recurring funds and $1.8 million in other state funds on well plugging. OCD secured the services of four rigs and intended to plug more wells using monies from the reclamation fund and a $25 million grant from the federal government. Plugging costs cost per well have doubled from FY21 to FY22. An EMNRD review conducted in 2022 increased the estimated number of orphan wells on state and private land to 1,700 with the hopes of ensuring the state receives the correct apportionment of federal funding for plugging known and unknown orphan wells.

Green Hydrogen, Blue Hydrogen, and the Hydrogen Hub

Carbon Capture, also called carbon capture, utilization, and storage (CCUS), is the process of capturing, reusing or storing carbon dioxide to prevent its release into the atmosphere. Carbon dioxide (CO2) can be captured from industrial and energy-related sources, such as hydrogen production and electricity generation facilities. Captured CO2 can then be used for commercial purposes or stored underground. The United Nations' Intergovernmental Panel on Climate Change identified CCUS as a necessary component to limiting global temperature increases to 2.7 degrees Celsius by 2100 because of its potential to significantly reduce atmospheric CO2.



After legislation to invest state dollars and create tax incentives for hydrogen energy development failed to pass during the 2022 regular session, the governor signed Executive Order 2022-013, establishing a clean hydrogen development initiative. The order directs NMED and EMNRD to develop a proposal to include no-carbon hydrogen electric generation facilities in the definition of "zero carbon resources" used in statute. EMNRD will assume responsibility for permitting and monitoring hydrogen production facilities.

The initiative positions New Mexico as a competitor for grant funds available through the U.S. Department of Energy's (DOE) Regional Hydrogen Hub Program established by the Infrastructure Investment and Jobs Act (IIJA). The IIJA included $8 billion for developing four hydrogen hubs across the country. New Mexico entered into a memorandum of understanding with Colorado, Utah, and Wyoming to coordinate the development of a single regional clean hydrogen hub proposal that meets the criteria for funding from the DOE.

Conservation, Restoration, and Environmental Protection

State agencies and nongovernmental organizations throughout the state continue to work on increasing the size and accessibility of public lands in New Mexico. In 2021 the governor signed Executive Order 2021-052, Protecting New Mexico's Lands, Watersheds, Wildlife, and Natural Heritage. The order established the 30x30 Advisory Committee, composed of seven state agencies and the State Land Office. The order further directed agencies to review and utilize existing programs, funding, and authorities with the goal of conserving at least 30 percent of all lands in New Mexico by 2030, with an additional 20 percent of lands designated as climate stabilization areas. In 2022, the largest wildfire in state history and subsequent flooding in affected communities demonstrated the need for effective management of forests and natural resources.

2020 New Mexico Forest Action Plan

The State Forestry Division worked with many partners to create the ***2020 New Mexico Forest Action Plan***. The plan provided an assessment of the current conditions and proposed steps that state agencies and non-governmental organizations could take to improve forest and watershed health. The plan included strategies and priorities to implement the *Agreement for Shared Stewardship* between the state and the U.S. Forest Service.

Forests: Health, Restoration, and Reforestation

Healthy Forests are essential for clean water and air and to provide the state with essential wood products and spaces for recreation. The health of forests impacts homes, businesses, and culture. Forest health faces many issues driven by climate change, ranging from catastrophic wildfires to epidemic insect outbreaks. These climate change impacts expand the wildfire risk to communities, firefighters, and natural resources and significantly jeopardize future water security.

Wildfires: Prevention and Remediation. The Healthy Forests program, also known as the State Forestry Division (SFD), holds wildland firefighter training throughout the state, primarily between October and April. SFD plans and implements restoration treatments within the top 500 at-risk watersheds identified in the New Mexico Forest Action Plan. At the end of the 2022 fire season, over 800 thousand acres had burned, and the state's fire and emergency management agencies continued to deal with the aftermath, including catastrophic flooding in affected areas. EMNRD, NMED, and OSE are continuing efforts to protect forest and watershed health, but federal disaster relief has been slow, leaving the state to deal with the most pressing issues while communities wait for federal funding and disaster relief assistance.

2022 Fire Season

Name	County	Area Burned (acres)
Hermit's Peak Calf Canyon	San Miguel, Mora, Taos	341,471
Black Fire	Catron, Grant, Sierra	325,136
Cooks Peak Fire	Mora, Colfax	59,359
Cerro Pelado	Sandoval	45,605
Bear Trap	Socorro	38,225
Mitchell Fire	Harding	25,000

Natural Land Preservation and Outdoor Recreation

While most state agency natural resource activity is focused on use of the resources, generally consumptive, New Mexico policymakers are starting to turn more fully to the value of the state's natural environments as a quality of life and tourism draw.

Conservation Funding. Through initiatives including a proposed Land of Enchantment Conservation Trust fund and increased funding to existing programs like the state's forest land protection revolving fund, Forest and Watershed Restoration Act fund, river stewardship fund, and Wildlife Conservation Act fund, state agencies and nongovernmental organizations hope to better marshal resources to improve and conserve the state's natural environment. Many of these funds face challenges because, often, projects require longer planning horizons, precluding or delaying project initiation and completion. The lack of adequate state matching funds means that federal dollars have been left unused. EMNRD, NMED, and OSE have partnered with conservation groups to either create a standalone conservation fund or create a more predictable funding model for existing conservation programs. Working with the private Trust for Public Land, the Department of Game and Fish in March purchased the 54 thousand-acre L Bar ranch for a wildlife area.

Outdoor Recreation. Natural-resource-related tourism provides communities with an opportunity to diversify their economies by drawing visitors from in and out of the state. Protected natural areas near communities offer a competitive advantage for hiring and retaining workers, supporting faster rates of job growth and higher levels of per-capita income. Based on data from the U.S. Department of Commerce's Bureau of Economic Analysis, the economic output for the outdoor recreation economy in New Mexico, including hunting and fishing, was $2.3 billion in 2021, an increase of $400 million over 2020 and 2.1 percent of the state GDP, slightly higher than the 1.9 percent of national GDP attributable to outdoor recreation.

For more info:

Office of the State Engineer Performance
Page 150

The newly created Outdoor Recreation Division of the Economic Development Department, one of several initiatives implemented over the past three years to boost and support outdoor recreation, has worked closely with the Tourism Department and other state agencies to distribute funds for outdoor recreation development. Together, the agencies secured a joint federal Economic Development Administration grant for $7.9 million for outdoor recreation development. The funds will be targeted at not only improving outdoor recreation infrastructure, such as trails, signage, and facilities, but to market surrounding communities and increase overall visitation.

The Legislature appropriated $10 million to outdoor recreation in the first special session of 2022, including $7 million for grants to build trails and $3 million for outdoor equity grants to get underserved youth outside. The department had awarded approximately $8 million of that funding as of November 2022. Ongoing state and federal investment in infrastructure aimed at making outdoor recreation more accessible puts New Mexico in position to see this growth continue.

State Parks. Despite wildfires around the state resulting in park closures and restrictions, the State Park Division of EMNRD saw a significant rebound in visitation numbers in 2022. Revenue per visitor is higher than in previous years. The State Parks Division's plan to increase visitation is to continue regular marketing and outreach programming focusing on rural markets and to leverage the national reach of the reservation system marketing platform. The division continues to take actions to ensure state parks are managed safely and effectively to meet and exceed visitor expectations. The State Parks Division has requested additional funding for water and wastewater projects. It will continue efforts to spend capital outlay funding from both the state and federal governments on park improvements.

State Employment and Compensation

For more info:

State Personnel Office Performance Page 156

High vacancy rates across state agencies and increased turnover among new state employees is forcing the state to reexamine its priorities in recruiting and retaining professional employees. Traditionally, state employees have been rewarded for long careers with total compensation packages that favored generous benefits, rather than prioritizing salary, the practice common in the private sector. Across the board, state agencies report difficulty in attracting and retaining qualified workers, a chronic problem exacerbated by the tight job market. Even with significant salary increases approved for FY23, targeted pay increases are still needed, particularly for hard-to-staff positions and mid-level professionals.

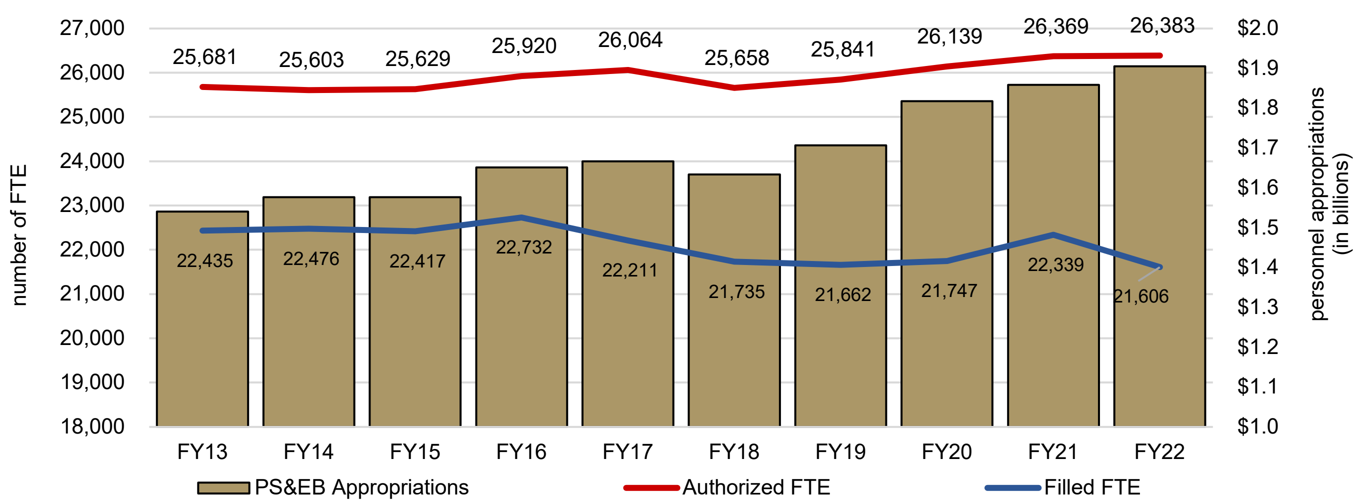
LFC Online: Understanding Government Finances

Finance Facts: State Employee Compensation

State Workforce

While the number of authorized positions in state agencies has increased, actual employee headcount remains below the level from a decade ago. The monthly average, of 21,606 state employees in FY22, based on staffing reports from the State Personnel Office, was down more than 800 positions from FY13. Meanwhile, the number of authorized positions increased by more than 700, contributing to a increase in the vacancy rate, from 12.6 percent in FY13 to 18.1 percent for FY22. In FY22, state agencies collectively realized $117 million in vacancy savings—the difference between the amount appropriated for employee pay and benefits and the amount actually spent—amounting to 6.6 percent of statewide appropriations for employee compensation.

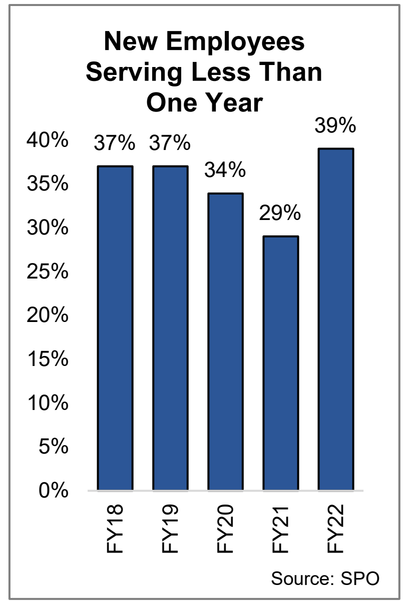
Personal Services and Employee Benefits Appropriations Baseline FTE Headcount and Authorized FTE

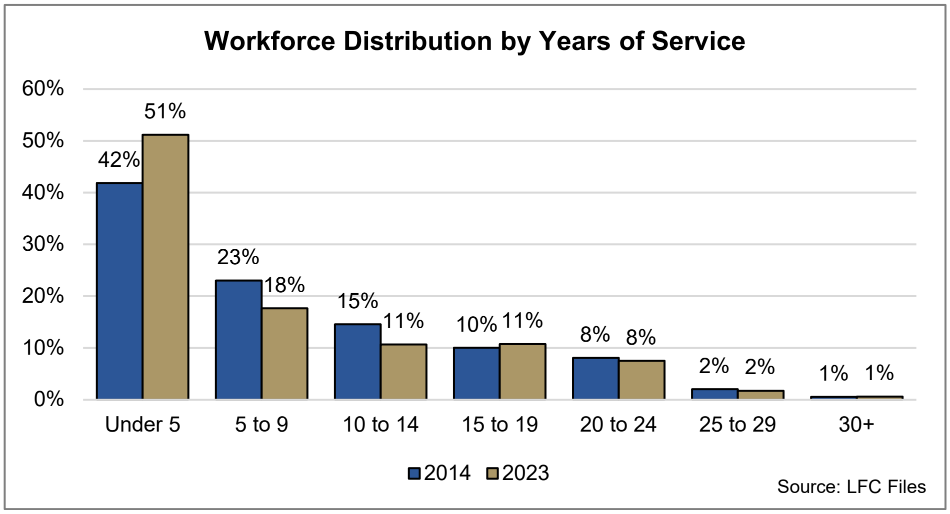


Source: LFC Files

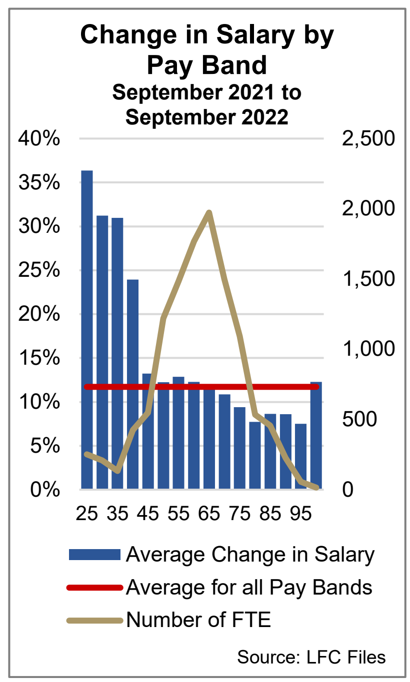
Recruitment and Retention

Over the past 10 years, the state workforce has gotten younger and less experienced and employee turnover remains high. According to reports from the State Personnel Office, 16 percent of the state workforce was hired less than one year ago and more workers are leaving the state with less than one year of service. Over the long term, the state has more new employees. More than half of current state employees have been hired within the past five years, a significant increase from the percentage in 2014.





Teleworking. Workers are increasingly valuing work-from-home arrangements when weighing job opportunities, but the state lacks a statewide teleworking policy that could potentially serve as a recruitment tool. During the Covid-19 pandemic, SPO issued a nonmandatory teleworking policy for agencies to use when designing individualized teleworking arrangements, and many state employees shifted from state buildings to home offices. More than two years after the shift, part-time teleworking remains prevalent in state government. As of August 2022, nearly 40 percent of state government workers partially teleworked, although teleworking policies vary from agency to agency. The lack of a statweide policy creates planning issues in other areas, such as facilities management, which has left the state paying for unused space for employees working primarily from another location.



In Novemenber, SPO announced the current nonmandatory teleworking policy whould be revoked on January 1 as the state looked to transition to a more permanent teleworking policy.

Cost of Employee Compensation

Despite falling headcounts, total appropriations for the personal services and employee benefits category continue to rise, with FY23 operating budgets including a total of $2.16 billion for employee pay and benefits. In response to the rising cost of living and competitive job market, the Legislature enacted significant increases for FY23, with a 3 percent across-the-board increase, effective for the last quarter of FY22, and an additional average 4 percent increase effective at the beginning of FY23. Additionally, the Legislature included sufficient funding to enact a $15

A Closer Look

Personnel Compensation and Classification

New Mexico's State Personnel Office (SPO) oversees the hiring, compensation, and retention of state employees, but the larger structure of New Mexico's human resources (HR) functions is splintered. Centralized approval authority for many HR activities is seated with SPO, but the majority of HR personnel are located within state agencies.

An **August 2022 LFC program evaluation** found the result of this hybrid system has been an underwhelming performance in key HR functions. Cumbersome processes that involve agencies, SPO, and sometimes the Department of Finance and Administration (DFA) mean it takes over a month, on average, to process HR transactions like promotions and position changes. Further, inequitable distribution of recently legislated pay increases and proliferation of job classes mean work requiring similar knowledge and skills is not always rewarded equally across agencies or job categories.

Moving ahead, SPO should consider additional ways to allow agencies to be more nimble in their agency-specific HR activities. SPO should also develop a more equitable way to distribute future legislated pay increases based on merit and filling critical, hard-to-staff positions.

minimum wage for state employees, although this additional increase applied to only a small number of workers. While language in the General Appropriation Act required only an average 7 percent increase when combined, research from LFC indicates funding was for pay raises averaging nearly 10 percent.

For FY23, the pay plan devised by the executive to distribute the average 4 percent raises focused additional resources on the general salary schedule and on employees near the bottom of their respective pay bands. For employees on occupation-specific salary schedules, including occupations such as nursing, child protective services workers, correctional officers, and information technology professionals and for exempt employees, the plan provided an across-the-board 4 percent increase. As a result, some of the jobs the state has found hardest to fill received some of the smallest pay increases for FY23. Even among employees on the general salary schedule, many mid-level professional employees received relatively small increases for FY23, leading some departments to request additional funding for FY24 for targeted pay increases.

Select General Salary Increases Compared With Occupational Salary Increases

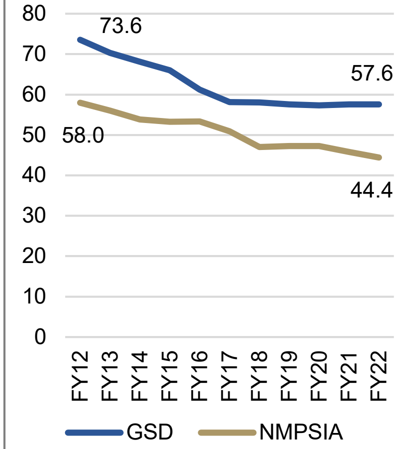
Position	Salary Schedule	Department	22-Jun	22-Jul	% Change	$ Change
Administrative Asst. Supervisor	General	CYFD	$18.93	$20.96	11%	$2.03
CPS Permanency Case Worker	Social Services	CYFD	$18.89	$19.64	4%	$0.75
Custodian at Veteran's Home	General	DOH	$16.03	$20.53	28%	$4.51
Nursing Asst. at Veteran's Home	Healthcare	DOH	$15.90	$16.60	4%	$0.70
Office Clerk in Clayton	General	NMCD	$17.37	$21.01	21%	$3.64
Correctional Officer in Clayton	Corrections	NMCD	$20.60	$21.42	4%	$0.82

Source: LFC Analysis of SPO Data

Employee Benefits

Most state-funded health benefits for public employees in New Mexico are provided through plans offered by two state agencies: the General Services Department (GSD) and the Public Schools Insurance Authority (NMPSIA). Some large employers, notably the University of New Mexico and Albuquerque Public Schools, provide separate benefits for their employees through their own self-insured funds. This splintered system of providing health benefits has led to different plan designs, costs, and employer and employee contribution rates. For example, a school employer is only required to contribute 60 percent of health premiums for employees making between $25 thousand and $50 thousand, while state agencies cover 80 percent of the premium for a state employee with the same income. School districts have flexibility to cover a larger portion of the premium as an employer, something more school districts and charter schools have opted to do. In FY23, 20 school districts and nine charter schools had an alternative employer contribution schedule, compare with 11 districts and seven charters in FY22.

Health Plan Participation (in thousands)



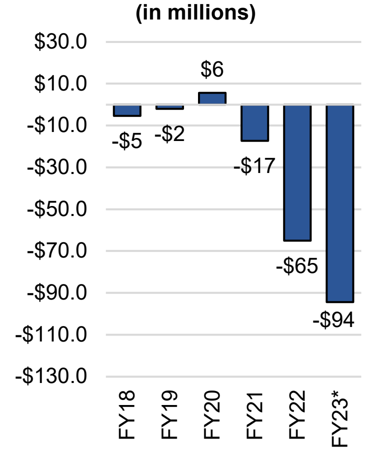
Source: LFC Files

Controlling Costs

Despite a brief reduction in overall health benefits utilization during the Covid-19 pandemic, total costs for employee health benefits plans have been rising rapidly. For FY22, NMPSIA reported an increase in per-member health claims of 16 percent, while GSD reported an increase of 5 percent. While a recent LFC program evaluation of the state's compensation system found health benefits premiums were comparable to other large employers in New Mexico, employers in New Mexico are paying more for healthcare than in other states. A recent study from the RAND corporation found employer-sponsored health plans in New Mexico—of which public employers are a major component—paid nearly 300 percent more than Medicare would pay for procedures at private hospitals, compared with a national average of 224 percent.

An additional challenge for public employee benefits programs is an increasing inability for the plans to take advantage of economies of scale. Even as costs have been rising, the number of employees and dependents has been falling. Together, GSD and NMPSIA covered more than 131 thousand people in FY12, but by FY22 that total had fallen to 102 thousand, a decline of more than 20 percent. As the number of members covered by a plan falls, cost per member tends to rise.

Health Benefits Fund Balance (in millions)

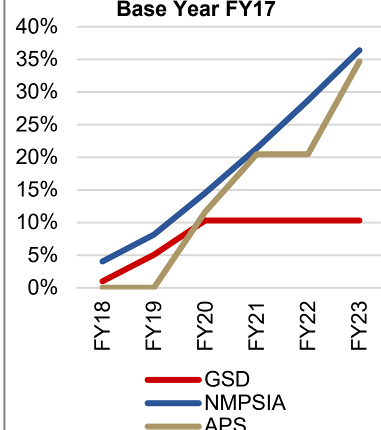


*Projected

Source: LFC Files

Employee Health Benefits Fund. Despite several special appropriations designed to shore up the state's employee group health benefits fund, premium revenue into the fund continues to fall short of total expenses. As of October 2022, GSD is projecting a deficit in the employee health benefits fund of $94 million. Since 2019, the Legislature has appropriated $42.6 million in non-premium revenue, yet the balance in the fund has fallen, from a deficit of $5 million in FY18. This has happened despite state laws written to ensure state agencies are only spending available funding and are not permitted to knowingly run deficits.

Health Insurance Rate Increases
Percentage Increase from Base Year FY17

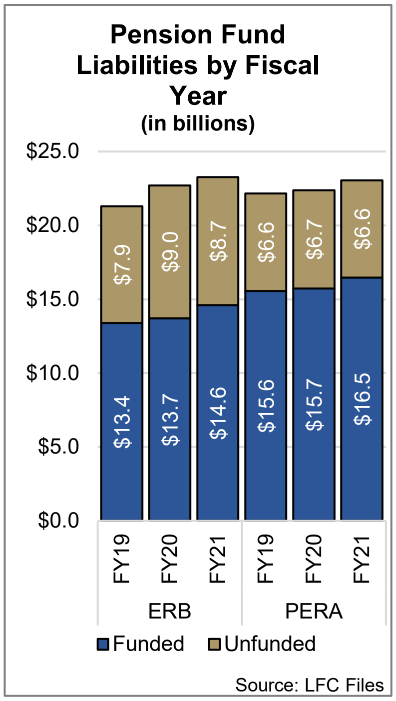


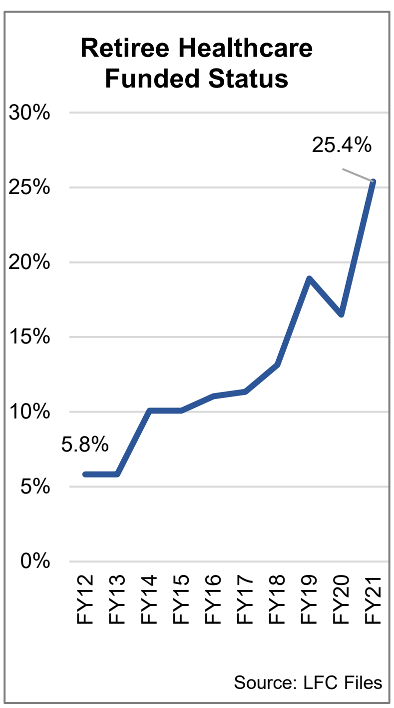
Source: LFC Files

A major factor in the shortfall has been the failure to raise premiums for several years, even while other public plans have passed along the higher costs of healthcare. Eventually, the cost of delaying annual premium increases catches up to the health plan. For example, between FY17 and FY23, premium costs for NMPSIA increased by more than 35 percent, with fairly steady rate increases each year to raise additional revenue. Over that same time premiums for Albuquerque Public Schools increased by about the same amount. However, after a brief rate increase holiday in FY18 and FY19, rates for GSD plans needed to rise more rapidly in FY20 and FY21 to keep pace with increasing costs. For GSD, flat rates since FY22 contributed to $73 million shortfall of premium revenue in FY22, which was partially backfilled by $25 million in general fund appropriations, effectively subsizing federal and other revenue sources with state general fund dollars. Funding for a premium rate increase was vetoed from the General

LFC Online: Understanding Government Finances

Finance Facts: Public Employee Pensions





Appropriation Act of 2022, pushing the need for a larger rate increase down the road. The Risk Management Division of GSD now estimates it would take a 25 percent rate increase for the health benefits fund to break even.

Postemployment Benefits

For the past several years, the Legislature has sought to stabilize the state's pension funds, managed by the Public Employees Retirement Association (PERA) and the Educational Retirement Board (ERB). Recent reforms have increased contributions to the funds and limited the cost of annual cost-of-living adjustments (COLAs). Across the plan, the reforms have aimed to reduce the retirement plan's unfunded liability—the amount the plan's actuaries estimate would be needed to pay all retirement benefits promised up to this point minus the current value of the trust fund.

Public Employees Retirement Association. A 2020 law increased employer and employee contribution for PERA. At the time, actuarial projections showed the fund would never be able to pay off the unfunded liability and the plan held on 70 percent of the funds needed to pay all promised benefits. Increased contributions will result in an additional $90.8 million in revenue to the fund, once fully phased in.

In addition to contribution increases, the Legislature took action to reduce the cost of future cost-of-living adjustments. Previously, retirees were eligible for a 2 percent compounding COLA. Legislation shifted the fund to a risk-sharing model, where annual adjustments were based on a combination of investment returns and funding status. In addition, the legislation suspended the compounding COLA for three years, from FY20 through FY22, and replaced the adjustment with a noncompounding "13th check" equal to 2 percent of the retiree's base benefit. According to PERA, the $55 million legislative appropriation for the 13th check was sufficient to fully fund the cost, with only $43 thousand remaining.

Educational Retirement Board. Recent legislation to improve the stability of the educational retirement fund has placed the fund on a sustainable path. Legislation passed in 2021 and 2022 phased in a 4 percentage point increase in employer contributions to the fund. Prior to legislation to increase the employer contribution, ERB's actuaries estimated the fund would never have sufficient funds to pay off the unfunded liability. As of June 20, 2021, the trust fund held $14.6 billion, based on the actuarial estimate, or 62.8 percent of the funds needed to pay all promised benefits. The 4 percentage point increase, which will increase the fund's revenue by an estimated $136 million annually when fully phased-in, will give the fund sufficient revenue to pay off the unfunded liability by 2054.

Retiree Healthcare. In addition to pension benefits, public employees are eligible for subsidized healthcare coverage in retirement. The plan, which receives mandatory contributions from employees and employers equal to 3 percent of salary, has significantly improved its funded status in recent years, from as low as 5.8 percent to a high of 25.4 percent in FY21. Unlike New Mexico, many states fund retiree healthcare programs on a pay-as-you-go basis, meaning the plan does not set aside funding designed to pay off future liabilities. As a result, New Mexico has, despite an estimated $3.3 billion in unfunded liabilities, one of the better funded plans in the country.

Performance

Accountability in Government

New Mexico's efforts to fully integrate performance-focused decision-making into the budget process progressed in FY22 through the continuing implementation of LegisStat, a collaborative approach to results-oriented problem-solving. However, the annual agency report cards, an assessment of agency performance on specific measures, hinted at the need to re-examine some measures and targets.

LegisStat

After decades of reporting on agency performance, LFC is now using performance reports to guide oversight and budget hearings to ensure agencies respond to performance concerns and incorporate performance information into their decisions. Starting in the 2021 interim, the committee began using a new LegisStat process modeled off successful PerformanceStat management processes in place in Maryland and other cities and states. Through the LegisStat process, the committee focuses on specific performance metrics and discusses with agency leadership their strategies for improving performance. The agency leaves with action items and, in follow-up hearings, reports on progress since the last meeting. LegisStat provides a structure for the committee to work with agencies to use the performance data from report cards to more clearly identify issues and act on solutions.

The Tourism Department, among the first agencies to enter the LegisStat process because of the devastating impact of the pandemic on the tourism industry, rotated out of the process at the end of 2022 interim because of the department's focus on results and commitment to continuous improvement. Agency leadership demonstrated it will continue advancing the use of data, evidence and results-focused strategies to get the most impact on marketing expenditures, tourism development, and overall economic growth.

Report Cards

State agencies scored green ratings on a plurality of individual performance measures in the FY22 year-end report cards, but the relatively high number of programs hitting or exceeding their targets raises concerns about the quality of the measures themselves and the adequacy of the targets. In some cases, programs failing on a national level are hitting New Mexico targets. In others, targets are less demanding than prior-year results. These targets might be set too low to be a true measure of the success of a program or so easily attainable programs have no motivation to improve. The abundance of green ratings on individual measures—when combined with the emergence of "explanatory" measures that tend to "count widgets" and generally have no targets—suggests measures and targets might need to be updated.

Notably, the Accountability in Government Act authorizes the Department of Finance and Administration (DFA), with LFC consultation, to approve and change agency performance measures. Indeed, explanatory measures are a compromise between DFA and LFC, reflecting agency sentiment that performance reporting is merely burdensome compliance that opens the door to unfair criticism, and the Legislature, which recognizes measures and targets as the centerpiece of

Accountability in Government Act

The Accountability in Government Act (AGA) traded budget flexibility for information about how state agencies economically, efficiently, and effectively carry out their responsibilities and provide services. Prior to the AGA, agency appropriations were tightly controlled by the Legislature, with attention paid to individual budget line items and incremental spending on salaries, office supplies, travel, etc. After the AGA, the focus switched to results and quarterly agency performance reporting (inputs, outputs, outcomes, etc.). In the last two fiscal years, LFC has adopted innovative approaches in addition to its report cards to better use performance information in its budget and oversight hearings.

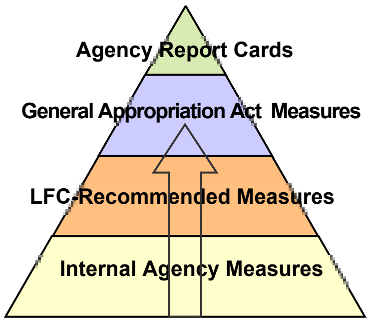
LFC Online: Understanding Government Finances

Finance Facts: Accountability in Government Act

Key features of the LegisStat process:

1. ***Focus on a core set of performance metrics,***
2. ***Regular performance discussions with agency leadership,***
3. ***Follow-up on action items from the last meeting, and review results for improvement.***

Performance Measure Hierarchy



performance-based budgeting process intended to focus spending on results. These differing perspectives between the two branches over the value and extent of state government reporting creates, not just conflict, but also issues with transparency and undermines accountability.

FY22 Performance. While the impact of the pandemic on agency performance is waning, some departments continued to struggle with providing services under strained conditions and with overworked staff, including the Health Department, which has been the lead agency for much of public health emergency response; the General Services Department, where healthcare utilization volatility continues to complicate benefits managements; and the Aging and Long-Term Services Department, where participation at daycare centers and other in-person services provided by the Aging Network is still down because of pandemic-related closures.

Evidence-Based Program Inventories

In 2019, the Legislature passed the Evidence and Research-Based Funding Requests Act, adding to the AGA by requiring certain agencies to collect and report on the different programs being implemented by the agency and to what degree those programs are backed by evidence. The act also provides a consistent definition of evidence-based, research-based, and promising programs. The information required by the act provides legislative and executive staff a better understanding of what programs New Mexico is funding and to what degree those programs have evidence behind them. DFA and LFC work together to determine which agency divisions complete program inventories as part of the budget process. For the FY23 budget process, the Probation and Parole and Inmate Management and Control divisions of the Corrections Department, the Children, Youth, and Families Department's Behavioral Health Division, the Human Services Department's Behavioral Health Services Division, and three Public Education Department initiatives (nutrition and wellness, career technical education, and science, technology, engineering, art and math, or STEAM) submitted program inventories for use during the budget process.

Performance Report Card Criteria

Factors in a Green Rating	Factors in a Yellow Rating	Factors in a Red Rating
Process • Data is reliable. • Data collection method is transparent. • Measure gauges the core function of the program or relates to significant budget expenditures. • Performance measure is tied to agency strategic and mission objectives. • Performance measure is an indicator of progress in meeting annual performance target, if applicable. **Progress** • Agency met, or is on track to meet, annual target. • Action plan is in place to improve performance. **Management** • Agency management staff use performance data for internal evaluations.	**Process** • Data is questionable. • Data collection method is unclear. • Measure does not gauge the core function of the program or does not relate to significant budget expenditures. • Performance measure is not closely tied to strategic and mission objectives. • Performance measure is a questionable indicator of progress in meeting annual performance target, if applicable. **Progress** • Agency is behind target or is behind in meeting annual target. • A clear and achievable action plan is in place to reach goal. **Management** • Agency management staff does not use performance data for internal evaluations.	**Process** • Data is unreliable. • Data collection method is not provided. • Measure does not gauge the core function of the program or does not relate to significant budget expenditures. • Performance measure is not related to strategic and mission objectives. • Performance measure is a poor indicator of progress in meeting annual performance target, if applicable. • Agency failed to report on performance measure and data should be available. **Progress** • Agency failed, or is likely to fail, to meet annual target. • No action plan is in place for improvement. **Management** • Agency management staff does not use performance data for internal evaluations.

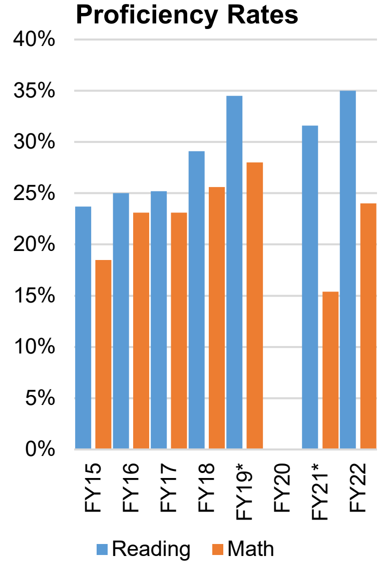
Performance Measure Guidelines

Elements of Good Performance Measures	Agency Quarterly Reports	Elements of Key Agency Reports	Elements of LFC Performance Report Card
Ideal performance measures should be • ***Useful***: Provide valuable and meaningful information to the agency and policymakers • ***Results-Oriented***: Focus on outcomes • ***Clear***: Communicate in a plain and simple manner to all stakeholders (employees, policymakers, and the general public) • ***Responsive***: Reflect changes in performance levels • ***Valid***: Capture the intended data and information • ***Reliable***: Provide reasonably accurate and consistent information over time • ***Economical***: Collect and maintain data in a cost-effective manner • ***Accessible***: Provide regular results information to all stakeholders • ***Comparable***: Allow direct comparison of performance at different points in time • ***Benchmarked***: Use best practice standards • ***Relevant***: Assess the core function of the program or significant budget expenditures	Each quarterly report should include the following standard items • Agency mission statement • Summary of key strategic plan initiatives • Program description, purpose and budget by source of funds • How the program links to key agency initiatives, objectives, and key performance measures • Action plan describing responsibilities and associated due dates	Key Measure reporting should include • Key performance measure statement • Data source to measure key measure results • Four years of historical data (if available) • Current quarter data (both qualitative and quantitative) • Graphic display of data as appropriate • Explanation for measures 10 percent or more below target • Proposed corrective action plan for performance failing to meet target • Action plan status • Corrective action plan for action plan items not completed	Each quarterly report card should include the following standard items • Key events or activities that affected the agency in the previous quarter • Status of key agency initiatives • National benchmarks for key measures, when possible • Explanation for any area(s) of underperformance • Agency action plans to improve results Analyst may include • Measures or data reported by another reputable entity when agency data is inadequate

Public Education

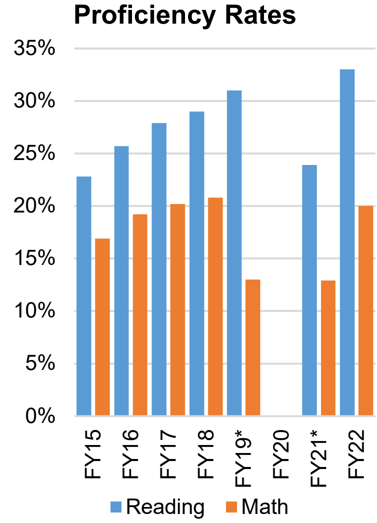
ACTION PLAN	
Submitted by agency?	Yes
Timeline assigned by agency?	Yes
Responsibility assigned?	No

Fourth Grade Proficiency Rates



*Not a representative sample; change from PARCC to MSSA test in 2021.
Source: PED

Eighth Grade Proficiency Rates



*Not a representative sample; change from PARCC to MSSA test in 2021.
Source: PED

Despite a return to statewide testing after a three-year hiatus, changes in student academic outcomes remain unclear and present challenges for demonstrating progress on meeting deficiencies found in the *Martinez-Yazzie* education sufficiency lawsuit. Additionally, the state changed standardized tests from PARCC to MSSA and SAT in 2021 for federal testing requirements. While the new MSSA and SAT tests will provide more frequent assessment data, changing tests means a new baseline of performance and more years of waiting to understand how state investments and school closures affected student learning.

National research and other states reporting achievement data in FY22 suggest most students are performing at lower academic levels than before the pandemic, especially younger, at-risk students who received more remote learning. The 2022 national assessment, or NAEP, showed New Mexico ranking last in the nation on math and reading tests for fourth and eighth graders. New Mexico's NAEP scores suggest proficiency rates have fallen to their lowest point in 13 years.. Like the NAEP, New Mexico should consistently use one assessment over the long run to accurately compare longitudinal student performance.

The Public Education Department's (PED) latest action plan to address *Martinez-Yazzie* findings and improve educational outcomes statewide includes ambitious performance targets for student academic performance. While these targets should be adopted as part of the Accountability in Government Act process for target-setting, the plan should include frequent public reporting on student outcomes, alongside both PED and school actions and responsibilities when targets are not met.

Student Achievement

Mixed Academic Performance. Substantial spikes in reading proficiency rates across the state in FY21 likely reflect the change in assessment and the performance of a smaller pool of students who chose to take the assessment voluntarily. The results are not a representative sample of the population and cannot be used to draw conclusions about statewide student outcomes. Notably, overall math proficiency rates for MSSA are higher than PARCC proficiency rates, which is inconsistent with NAEP data showing a sharp decline in math proficiency for New Mexico9 between 2019 and 2022. PED notes MSSA is a new baseline of performance, with 34 percent of students demonstrating proficiency in language arts, 25 percent of students proficient in math, and 33 percent of students proficient in science.

Flat Graduation Rates. The state's overall four-year high school graduation rate stayed flat for the class of 2021, dropping slightly to 76.8 percent. New Mexico still lags significantly behind the 2021 national graduation rate (85.3 percent). Graduation rates rose by 2 percentage points for the class of 2020, following PED guidance that allowed the passing of required coursework in lieu of standardized testing to meet graduation requirements. The latest PED guidance, issued in August 2021, extended this allowance to the class of 2022 and 2023 due to pandemic-related disruptions. As such, graduation rates could remain stable for two more years in spite of mixed student academic performance on state assessments.

PUBLIC SCHOOL SUPPORT

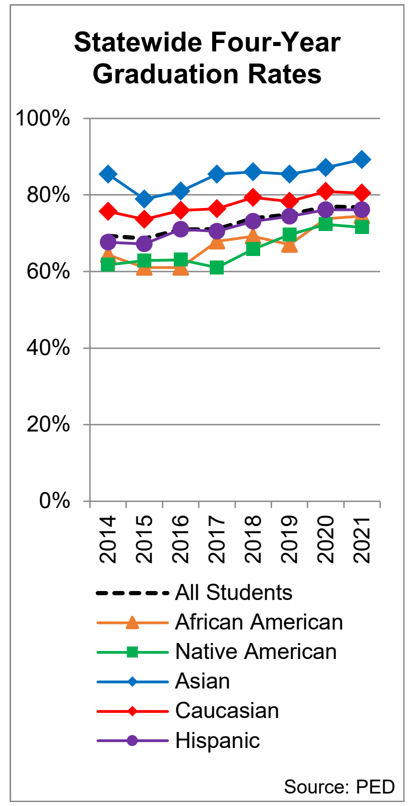
Budget: $3,411,305.8 **FTE: N/A**

	FY20 Actual	FY21 Actualµ	FY22 Target	FY22 Actual†	Rating
Reading proficiency (fourth grade)	Not reported	52.8%	34%	58.9%	Y
Math proficiency (fourth grade)	Not reported	16.4%	34%	8.7%	R
Reading proficiency (eighth grade)	Not reported	42.5%	34%	38%	Y
Math proficiency (eighth grade)	Not reported	18.8%	34%	11.2%	R
High school graduation rate (four-year)	76.9%	76.8%	75%	N/A	G
Chronic absenteeism (elementary school)	New	New	<10%	38%	R
Elementary English learners exiting EL status	New	New	10%	3%	R
Teacher vacancies	New	New	N/A*	1,048	Y
Share of at-risk funds spent on at-risk services	New	New	N/A*	93%	G
Classroom spending in large districts	Not reported	Not reported	N/A*	73%	Y
Program Rating	R	R			Y

*Measure is classified as explanatory and does not have a target.

µProficiency rates reflect students who opted to test in FY21, representing about a quarter of each grade level.

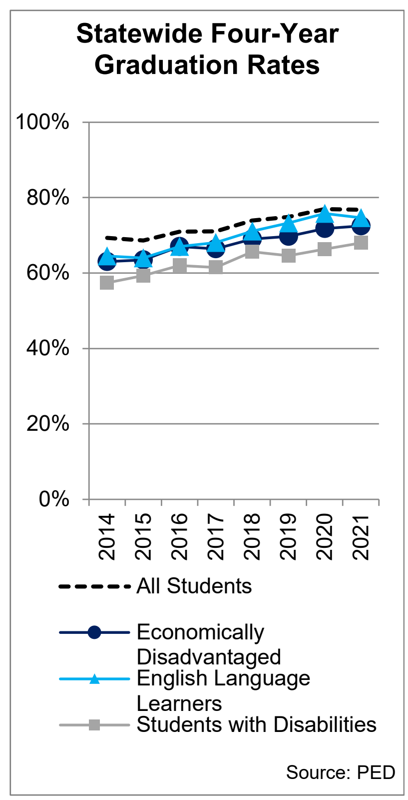
†Proficiency rates reflect middle-of-year iMSSA test scores, representing over a third of each grade level.



Student Engagement

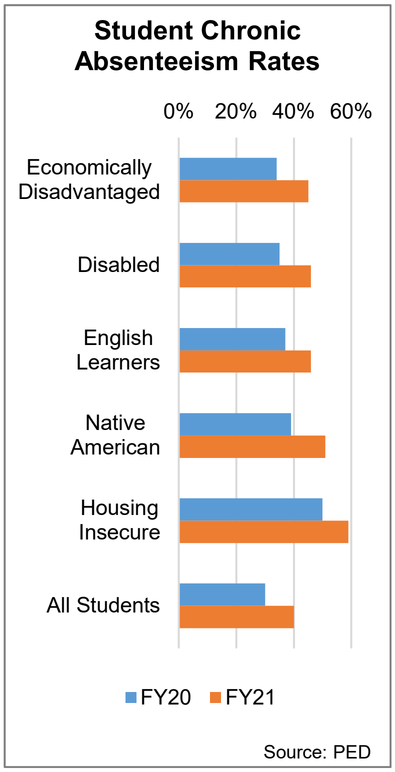
Flat Enrollment. Preliminary counts for FY23 show student enrollment hovering at 308.3 thousand students, an increase of 516 students, or 0.2 percent, from FY22. While these counts have recently stabilized, overall enrollment has decreased by nearly 13 thousand students, or 4 percent, since FY21 and fallen 8 percent since FY12. Alongside declining enrollments, statewide student-to-teacher ratios have also dropped from 15.2 in FY17 to 14.9 in FY21.

A 2022 LFC evaluation of Albuquerque Public Schools (APS) found the district's enrollment decreased by 17 percent between FY12 and FY22, allowing the district to eliminate vacant positions and consolidate some classes. Rural districts with limited staff per subject or grade level (and already small class sizes) will struggle to downsize operations as students enrollments decrease.



Increases in Chronic Absenteeism. To comply with the Attendance for Success Act, PED began measuring chronic absenteeism, defined as students missing 10 percent or more of instructional time in school, to include both excused and inexcused absences. Chronic absenteeism rates have increased in recent years, with the statewide average rate reaching 16 percent in FY20, 30 percent in FY21, and 40 percent in FY22. Consistently, the five student groups that are chronically absent more than 45 percent of the time include Native American students, students experiencing housing insecurity, students with disabilities, English learners, and economically disadvantaged students. Student mental health may be contributing to the growth in chronic absenteeism rates. On par with national trends, New Mexico saw a 13 percent increase from 2016 to 2020 in students suffering from anxiety and depression.

Falling Participation in Dual-Credit. Participation by high school students in dual-credit college classes decreased from 21.8 thousand students in FY20 to 16.6



thousand students in FY21. Most students participating in dual-credit programs signed up for English and math courses, which had the highest enrollments of 5,012 and 4,744, respectively. Some fields with less applicable degree pathways, such as personal awareness and self-improvement, had high enrollments (2,034 students) compared with areas like education, which included 998 enrollees.

Dual-credit students in FY21 had a graduation rate of 89 percent, nearly 16 percent higher than the statewide average. This varies significantly by district, with as low as a 74.5 percent graduation rate for dual-credit students in Deming to much higher rates, such as 92.1 percent for students in Portales or 96.1 percent for students in Silver City. To improve college and career readiness outcomes, PED should monitor the quality and value of dual-credit courses given to students and develop metrics to identify practices that improve these outcomes.

Instructional Quality and Quantity

Mixed Participation in Interventions. Recent legislative investments in K-5 Plus and Extended Learning Time (ELT) programs were intended to expand opportunities for student learning, while legislative investments in teacher residencies and educator salary were intended to boost the quality of teacher candidates entering schools. Residency programs and increased pay are reducing vacancies and increasing interest in the teacher workforce, but educator interest in a longer school year continues to wane. Following significant lost instructional time after the pandemic and findings of dismal student achievement levels in the *Martinez-Yazzie* sufficiency case, additional support for academic recovery has reached a critical juncture.

Preliminary surveys suggest New Mexico now has 635 teacher vacancies, down from the 1,048 vacancies in October 2021 reported by New Mexico State University. Additionally, of the $15.5 million appropriated for teacher residencies in FY23, PED has allocated $14.6 million for 374 residents. Out of the $6 million appropriated for student teaching, PED has allocated $5.7 million for stipends to 500 student-teachers and 500 mentors.

Teacher Licensure Changes

As of spring 2024, New Mexico will no longer require the Praxis exams for licensure, except for elementary reading. PED will shift to a portfolio-based system based on key comptencies. Praxis tests are still required by 48 states for licensure, and educators from out of state seeking a New Mexico license can still use Praxis scores to apply for licensure, despite this requirement being optional for in-state applicants.

Findings in the *Martinez-Yazzie* education sufficiency lawsuit affirmed PED's authority to direct school spending on evidence-based supports for at-risk students. However, participation in K-5 Plus programs, which show evidence of closing student achievement gaps (even during the pandemic) has continued to drop each year. Since FY21, participation in K-5 Plus and ELT programs has decreased, and schools have forgone nearly $400 million of available state funding for these interventions. School closures during the Covid-19 pandemic reduced instructional time for all students and further exacerbated existing achievement gaps for at-risk student groups. Despite this lost instructional time, attempts to require statewide participation have failed, and school continued to opt out of both programs.

Public Education Department

The latest court order in the *Martinez-Yazzie* case requires PED to improve access to high-speed internet and digital devices for students. The department has leveraged federal emergency relief (ESSER) funds to expand access to students and mapped areas across the state needing additional support. PED estimates over 90 percent of students now have access to the internet and a digital device, up from 63 percent of students having access in initial projections. The department continues to struggle with processing federal reimbursements, likely due to the substantial influx of ESSER aid.

At the end of the fourth quarter, PED held an 18 percent vacancy rate with 54 FTE positions unfilled. PED continues to contract with Regional Education Cooperatives (REC) for program implementation of federal and state programs. REC-5, the largest cooperative, employs close to 90 FTE. Given challenges with filling vacancies and the costs of outsourcing departmental work, PED should evaluate whether contractual services with RECs are the most efficient or effective strategy for rolling out programs and services.

Budget: $15,097.5 **FTE:** 285.2

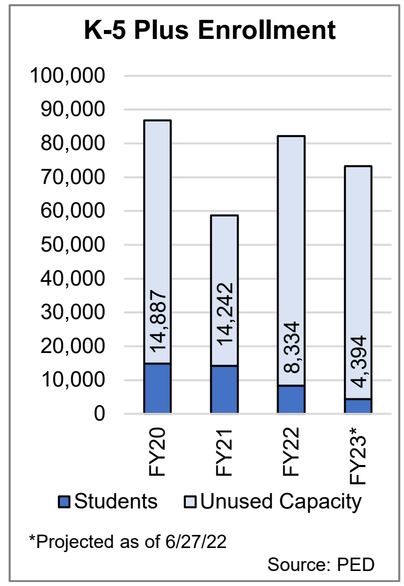
	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	
Students in Extended Learning Time Programs	82,581	141,622	N/A*	139,067	Y
Students in K-5 Plus Schools	14,887	14,242	N/A*	8,334	R
Average days to process reimbursements	31	40	22	40	R
Percent of students with a high-speed internet connection	New	New	100%	91%	Y
Program Rating	R	R			Y

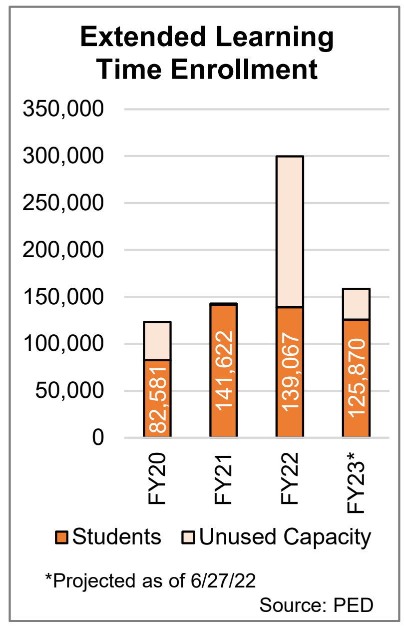
*Measure is classified as explanatory and does not have a target.

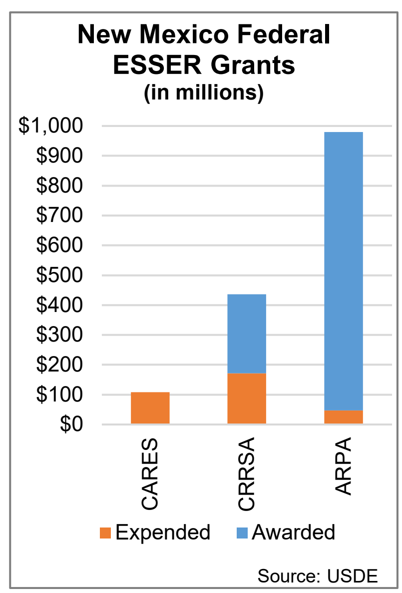
Federal and State Resources. Of $1.5 billion from three rounds of federal ESSER funding, New Mexico has spent virtually all of the first round of ESSER, also known as the Coronavirus Aid, Relief, and Economic Security (CARES) amount. Schools spent nearly one-third of CARES funding on educational technology; other expenditures include $5 million for school leaders, sanitization, and planning.

At the end of FY22, nearly 40 percent of the second round of ESSER, the Coronavirus Response and Relief Supplemental Appropriations (CRRSA), was spent. Similar to CARES, schools purchased educational technology and sanitization supplies but also spent $21.3 million to address learning loss and $18.3 million for summer learning and afterschool. PED has directed schools to focus the third round of ESSER—American Rescue Plan Act (ARPA)—funds toward closing the digital divide, accelerating instruction for at-risk student groups, social and emotional needs, and supporting students with disabilities.

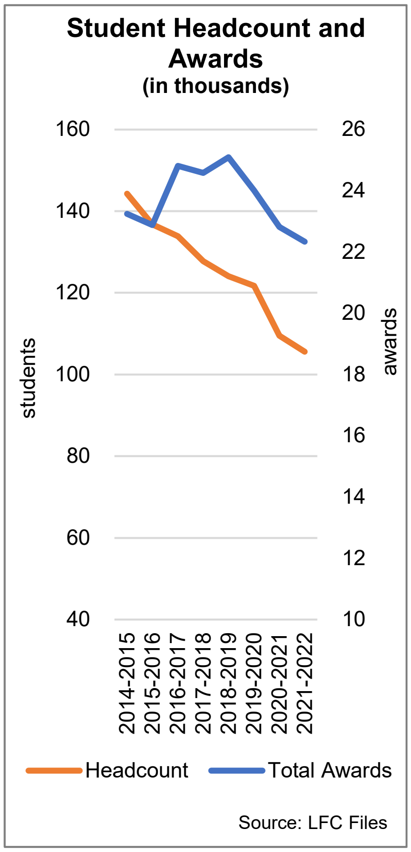
In addition to federal relief, school districts and charter schools budgeted an all-time high of $525.5 million in unrestricted cash balances carrying over from FY22 to FY23. Statewide cash balances grew by $76.5 million, or 17 percent, from the prior year and now represent 14.3 percent of FY23 program cost.

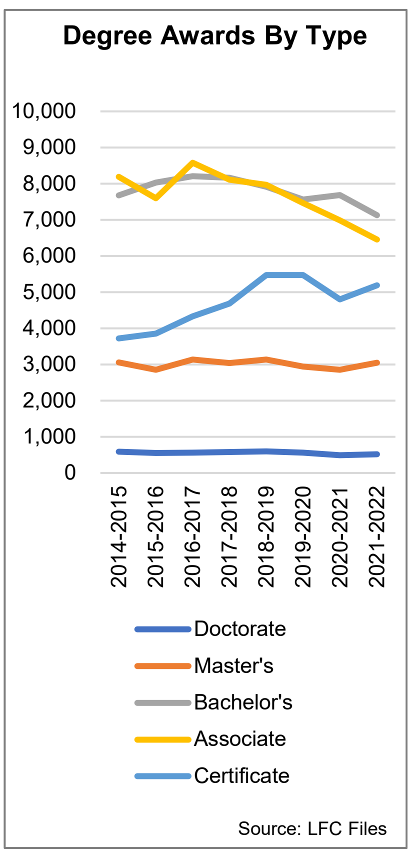






Higher Education





Higher education institutions facilitate economic growth, study and categorize many of the social problems facing residents, and support a culture of learning and innovation. The Legislature has recognized the importance of colleges and universities and made significant investments in higher education over the past year in appropriations to the base operating budgets, through tuition subsidies, and in targeted areas, such as increased funding for student support and faculty endowments.

Recognizing the importance of higher education to the state's overall well-being and prosperity, college and universities, LFC, and the Department of Finance and Administration worked to expand the number of performance metrics dramatically over the past several years. The goal of expanded performance measurement is to highlight successes and identify barriers to student achievement. For example, measures of student retention and completion ought to be considered by all colleges when assessing the impact of the programs they offer.

The measures presented in this report are meant to illustrate the broad trends and forces confronting colleges but may not address some issues that are specific to individual institutions. For example, the current statewide performance measurement framework does not tell us how many courses are duplicated by other institutions and at what cost, how many students are unable to complete degrees timely due to lack of available courses at their home institution, or labor market outcomes of graduates. These are all areas that are vital to understand and that colleges should take leadership to study and address.

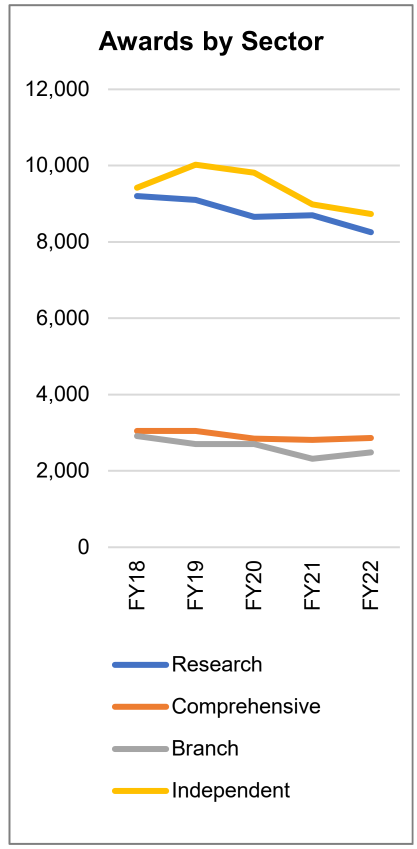
Funding Formula

Funding for higher education is performance-informed, but not necessarily performance-driven. The funding formula, which distributes "new money" to colleges and universities, protects the prior year base state funding level so that institutions may gain additional funding through the formula but will not lose funding as a result of performance. In 2011, the formula removed many of the "input" measures, such as student enrollment or the number of square feet of building space, and replaced them with outcome base measures, such as number of awards and student credit hours delivered.

The change in the formula drove changes in behavior and, despite declines in enrollment and credit hours delivered, the number of degrees awarded fell by 4 percent over the 2015 to 2022 period while enrollment fell by 27 percent. While the award production was encouraging, it is driven by an increase in nondegree certificates of two years or less. Production of these certificates increased by approximately 40 percent between 2015 and 2022 while all other award types fell.

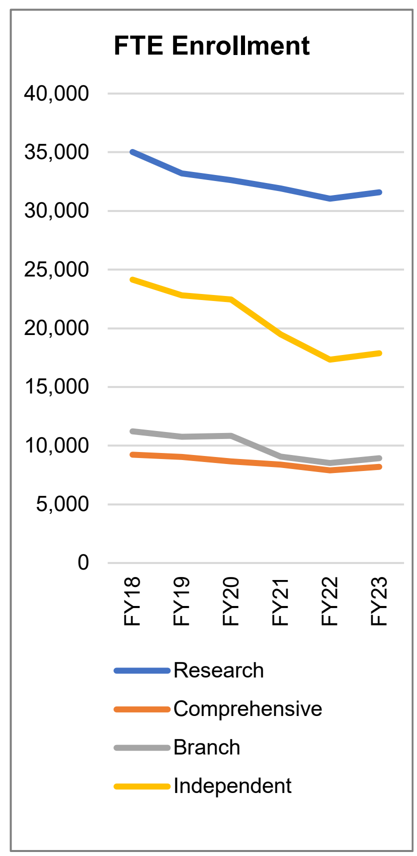
Certificates for "short" programs are generally composed of two types of award: certificates recognizing a student's progress toward a two-year degree and workforce training certificates. While academic progress certificates may be important from a student engagement and retention point of view, they do not directly lead to improved workforce outcomes like increased pay. Workforce training certificates, on the other hand, often lead directly into higher paid jobs. The Legislature has voiced support for increasing funding support for these high-demand workforce certificates and the Higher Education Department and schools have agreed to increase the weight given to these certificates in the funding formula and to eliminate the academic progress certificates from the formula.

Moving forward, institutions should not only report on the number of degrees and certificates awarded, but demonstrate how their academic programs are aligned to student success in the labor market. However, much of the information needed to examine this question is unavailable.

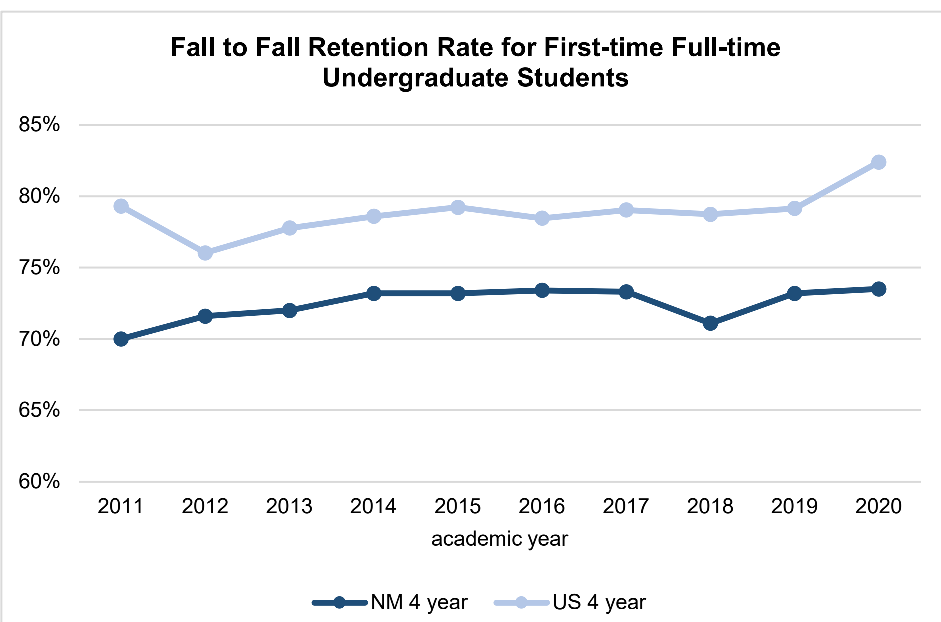


Enrollment Trends and Challenges

For academic year 2021-2022, New Mexico colleges report a continuation in the decline in awards and enrollment. However, data show student enrollment increased slightly for fall 2022. The enrollment increase is possibly related to creation of the Opportunity Scholarship, which expands tuition-free college from just recent high school graduates, previously covered under the Lottery Scholarship, to returning and part-time students. Overall attendance, counted on a headcount basis, increased by approximately 4,000 students, or 4.1 percent. However, the enrollment increase is 2.8 percent when counted on a full-time equivalent (FTE) basis. This suggests that the majority of the new students entering New Mexico colleges and universities are part-time students.



While increasing enrollment is a positive development, it will bring new challenges. Historically, New Mexico students have started college at higher rates than the national average but have been less likely to complete a degree. Data show retention rates for part-time students are significantly lower than for full-time students and part-time New Mexico students' retention significantly lags the national average.



The per-student cost of the opportunity scholarship is approximately $25 thousand in FY23. To ensure this investment pays off, higher education institutions must determine how they can improve retention and graduation rates for their new students.

Total Degree/Certificate Awards by Sector							
	FY18	FY19	FY20	FY21	FY22	1-Year Change	5-Year Change
Research	9,203	9,101	8,657	8,698	8,256	-5.1%	-10.3%
Comprehensive	3,047	3,047	2,844	2,811	2,865	1.9%	-6.0%
Branch	2,910	2,705	2,700	2,319	2,485	7.2%	-14.6%
Independent	9,418	10,019	9,812	8,986	8,733	-2.8%	-7.3%
Total	**24,578**	**24,872**	**24,013**	**22,814**	**22,339**	**-2.1%**	**-9.1%**
Two-Year Institutions	12,328	12,724	12,512	11,305	11,218	-0.8%	-9.0%
Four-Year Institutions	12,250	12,148	11,501	11,509	11,121	-3.4%	-9.2%

End-of-Course Student Credit Hours by Sector							
	FY18	FY19	FY20	FY21	FY22	1-Year Change	5-Year Change
Research	964,995	923,491	737,164	853,491	832,372	-2.5%	-13.7%
Comprehensive	266,335	256,261	247,052	239,485	228,132	-4.7%	-14.3%
Branch	352,141	338,839	302,358	269,824	256,738	-4.8%	-27.1%
Independent	711,338	680,151	650,183	556,537	521,328	-6.3%	-26.7%
Total	**2,294,809**	**2,198,743**	**1,936,757**	**1,919,336**	**1,838,570**	**-4.2%**	**-19.9%**
Two-Year Institutions	1,063,479	1,018,991	952,541	826,361	778,066	-5.8%	-26.8%
Four-Year Institutions	1,231,330	1,179,752	984,216	1,092,976	1,060,504	-3.0%	-13.9%

Full-Time Equivalent Enrollment							
	FY18	FY19	FY20	FY21	FY22	1-Year Change	5-Year Change
Research	35,027	33,193	32,626	31,928	31,045	-2.8%	-11.4%
Comprehensive	9,245	9,048	8,672	8,403	7,891	-6.1%	-14.6%
Branch	11,228	10,758	10,841	9,082	8,520	-6.2%	-24.1%
Independent	24,154	22,821	22,459	19,487	17,345	-11.0%	-28.2%
Total	**79,654**	**75,820**	**74,598**	**68,900**	**64,801**	**-5.9%**	**-18.6%**
Two-Year Institutions	35,382	33,579	33,300	28,569	25,865	-9.5%	-26.9%
Four-Year Institutions	44,272	42,241	41,298	40,331	38,936	-3.5%	-12.1%

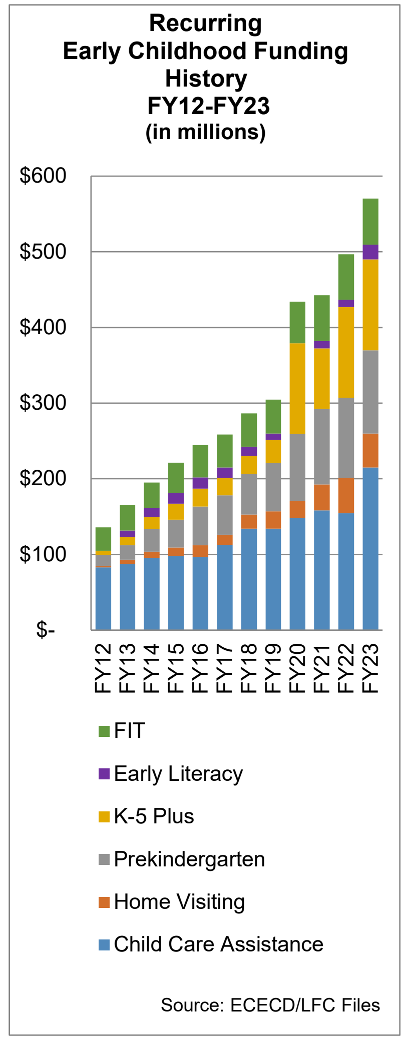
Early Childhood Education and Care Department

The Early Childhood Education and Care Department (ECECD) added several additional measures in FY22 for early prevention and intervention programs, such as home visiting. Home visiting is one of the state's cornerstone programs to improve long-term outcomes for children and families by providing in-home support, screening, and referrals. Many home visiting programs continued virtual services during FY21 but are shifting to hybrid delivery models that include both in-home and virtual visits. Nationally, researchers and home visiting programs are studying the shifting delivery models of home visiting programs to confirm quality and outcomes.

ACTION PLAN	
Submitted by agency?	Yes
Timeline assigned by agency?	No
Responsibility assigned?	No

Family Support and Intervention

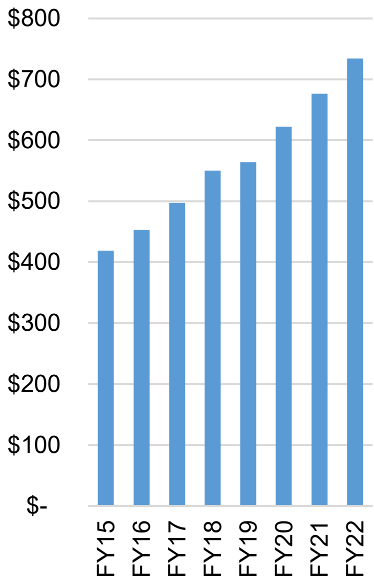
The program—composed primarily of the Family, Infant, Toddler (FIT) developmental disabilities intervention program, Families First case management program, and Home Visiting parental education and supports program—reported meeting annual performance targets for families demonstrating progress in positive parent-child interactions and children receiving regular well-child visits. These measures monitor Home Visiting progress in supporting new families to attain health and developmental goals for young children. The program also reported only 299 families were enrolled in Medicaid-funded home visiting, well below the performance target of 2,000. Medicaid-funded Home Visiting allows the state to receive federal revenues to grow state services. Additionally, ECECD reported the program funded and implemented three new programs. To date, seven programs are part of Medicaid-funded Home Visiting serving 11 counties (San Juan, Rio Arriba, Bernalillo, Torrance, Quay, Curry, Roosevelt, Chaves, Lea, Otero, and Dona Ana). In total, the department is contracting for over 5,000 families for home visiting statewide.



Budget: $66,707.5 **FTE: 40**

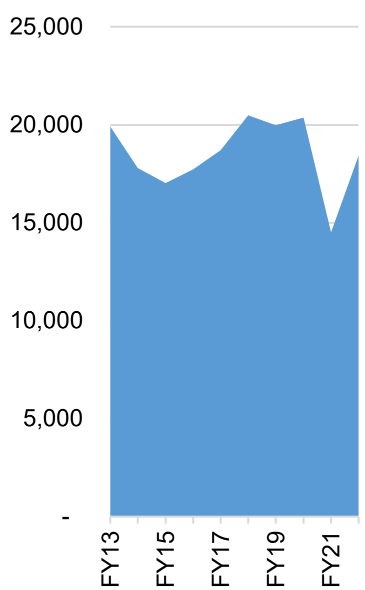
	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Women in Families First and Home Visiting and eligible for Medicaid who access prenatal care in the first trimester	NA	NA	74%	93%	G
Women who are pregnant when they enroll in Home Visiting and Families First who access postpartum care	NA	NA	39%	80%	G
Parents in the New Mexico Home Visiting program for at least eight months who demonstrate progress in practicing positive parent-child interactions	44%	74%	65%	73%	G
Eligible infants and toddlers with an individual family service plan for whom an initial evaluation, assessment, and individual family service plan meeting were conducted in the 45-day timeline	NA	NA	100%	91%	R
Children enrolled in Home Visiting for longer than six months who receive regular well child exams as recommended by the American Academy of Pediatrics	NA	NA	75%	86%	G
Families enrolled in Medicaid-funded Home Visiting	NA	NA	2,000	299	R
Children participating in the Family, Infant, Toddler program for at least six months who demonstrate substantial increase in their development	NA	NA	72%	76%	G
Program Rating	Y	R			Y

Childcare Assistance Average Monthly Cost per Child



Source: ECECD

Childcare Assistance Enrollment by Fiscal Year



Source: ECECD

Early Education, Care and Nutrition

The Early Education, Care and Nutrition Program, primarily composed of Childcare Assistance and the Family Nutrition Bureau, met all but one performance targets. Prior to the pandemic, Childcare assistance average monthly enrollment had been relatively flat, ranging between 18 thousand and 20 thousand children a month. However, in fall 2020, enrollment declined significantly to 15 thousand. In FY21, average monthly enrollment was 14.5 thousand. The average monthly cost per child, however, increased to $676, or $8,117 annually. At the close of FY22, monthly enrollment has continued to increase from nearly 22 thousand, and the average monthly cost continued to grow to $734, or $8,810 annually. In April 2022, ECECD announced Childcare Assistance income eligibility would increase to 400 percent federal poverty level (FPL) and all co-payments would be waived. The department estimated the cost to waive co-payments for Childcare Assistance recipients is cost $1.9 million monthly and $22.3 million annually. The department plans to cover co-payments for families through the end of FY23 with nonrecurring federal.

Budget: $465,429.0 **FTE: 152**

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Licensed childcare providers participating in Focus tiered quality rating and improvement system	NEW	NEW	45%	51%	G
Licensed childcare providers participating in Focus tiered quality rating and improvement system at the four- and five-star level	47%	52%	40%	39%	R
Infants and toddlers participating in the Childcare Assistance Program enrolled in high-quality childcare programs (four- and five-star)	NA	NA	40%	60%	G
Program Rating	Y	R			Y

Public Prekindergarten

During the pandemic, all public school and most private school prekindergarten programs were forced to close in-person programs and conduct programs virtually. In spring 2021, virtual class sessions lasted on average approximately 30 minutes to 45 minutes, depending on children's ability to remain attentive and parents' ability to assist and support their children in remote learning. The pandemic also resulted in the programs being unable to assess children and provide the data. In FY21, ECECD contracted for 13,608 prekindergarten and early prekindergarten slots. The program did not meet targeted performance for FY22.

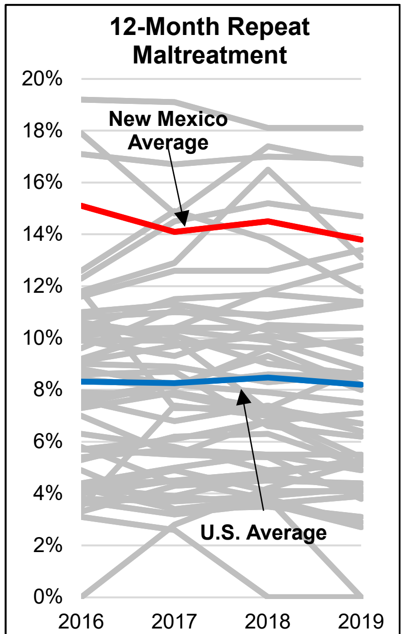
Budget: $49,856.5 **FTE: 0**

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Children in the state-funded New Mexico prekindergarten program (public and private) for at least six months showing progress on the school readiness spring preschool assessment tool	No Report	No Report	94%	92%	Y
Children enrolled for at least six months in the state- funded New Mexico prekindergarten program who score at first step for kindergarten or higher on the fall kindergarten observation tool	No Report	No Report	85%	54%	R
Program Rating	Y	R			Y

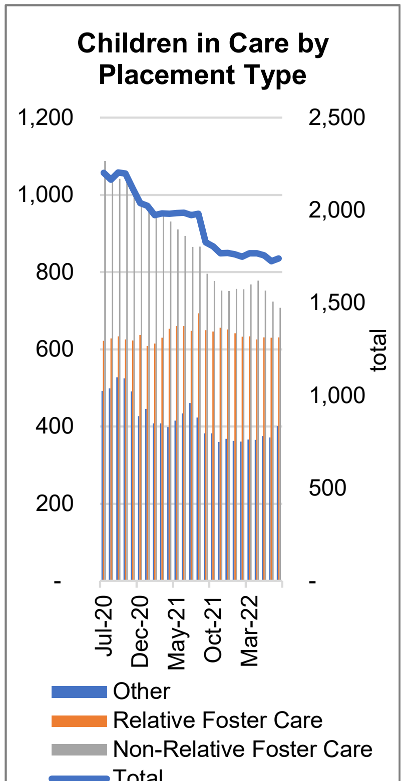
Children, Youth and Families Department

Reducing repeat child maltreatment is the primary measure of New Mexico's child welfare system. High poverty rates, complex family needs (such as substance abuse, domestic violence, unmet mental health needs, and unstable housing), lack of services, and poor recruitment and retention have all been cited by the department as obstacles to reducing repeat maltreatment more quickly. To address all of these obstacles and to ensure the department and the rest of the child welfare system has all of the resources it needs, the Legislature increased appropriations to the Behavioral Health Services Program by 21 percent and Protective Services by 8 percent for FY23. The Legislature also appropriated $20 million to CYFD and HSD to develop more behavioral health provider capacity, $50 million to higher education institutions to increase social worker teaching endowments, $20.7 million for homeless housing assistance, additional capital assistance to local governments for homeless housing projects, and $5 million for food bank services.

ACTION PLAN	
Submitted by agency?	Yes
Timeline assigned by agency?	No
Responsibility assigned?	No



Source: ACF Children's Bureau



Source: CYFD

Protective Services

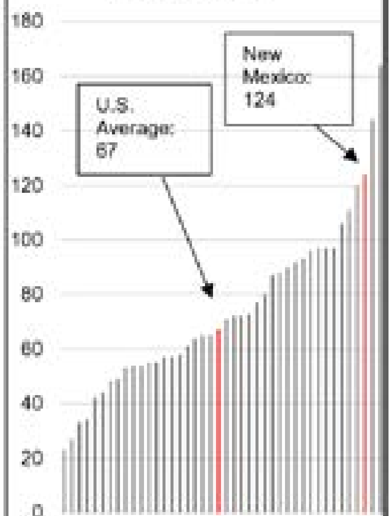
Prevention and early intervention is the key to reducing repeat child maltreatment. Over the long-term, child maltreatment causes physical, psychological, and behavioral consequences leading to increased costs to the child welfare, behavioral health, and physical healthcare systems. The federal Centers for Disease Control and Prevention estimates the lifetime cost of nonfatal child maltreatment at $831 thousand. Additionally, the consequences when children experience repeat maltreatment are potentially devastating. However, New Mexico consistently ranks among the top six states for repeat maltreatment occurring within 12 months of an initial allegation. Several evidence-based options for preventing repeat maltreatment could be expanded and leveraged to garner more federal revenue and improve outcomes. Between FY18 and FY22, Children, Youth and Families Department (CYFD) preventive services expenditures grew from about $1.1 million to $11.1 million, a tenfold increase, with most of the increase occurring in the last two years. During the same period, repeat maltreatment hovered around 14 percent, but it remains well above the national benchmark of 8 percent.

Budget: $179,905.2 **FTE: 1,081**

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Children in foster care who have at least one monthly visit with their caseworker	96%	98%	50%	96%	G
Children in foster care for more than eight days who achieve permanency within 12 months of entry into foster care	29%	30%	30%	36%	G
Children in foster care for 12 to 23 months at the start of a 12-month period who achieve permanency	40%	40%	35%	42%	G
Children in foster care for 24 months, or more, at the start of a 12-month period who achieve permanency	34%	41%	32%	38%	G
Children who were victims of a substantiated maltreatment report during a 12-month period who were victims of another substantiated maltreatment allegation within 12 months of their initial report	14%	14%	9%	14%	R

Budget: $179,905.2 **FTE: 1,081**

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Families with a completed investigation that participated in family support or in-home services and did not have a subsequent substantiated abuse report within 12 months	New	New	20%	75%	G
Foster care placements currently in kinship care settings	36%	42%	35%	49%	G
Indian Child Welfare Act foster care youth who are in an appropriate placement	New	73%	35%	72%	G
Initial relative placements that transition to permanency or are still stable after 12 months	74%	78%	25%	74%	G
Rate of maltreatment victimizations per 100 thousand days in foster care	12.6	14.7	8.0	10.1	R
Serious injuries with prior protective services involvement in the last year	New	New	26%	43%	R
Average statewide central intake call center wait time in seconds	15	27	180	30	G
For children who enter care during a 12-month period and stay more than eight days, placement moves rate per 1,000 days of care	5.8	5.6	4.0	5.7	R
Turnover rate for protective service workers	30%	26%	30%	37%	R
Program Rating	R	Y			Y



*Completed Reports per Investigation and Alternative Response Worker, some states do not report

Source: ACF Child Maltreatment 2020

Juvenile Justice Services

Physical assaults in Juvenile Justice Services (JJS) facilities are significantly down partially because fewer clients are in the facilities. With a two-to-one student teacher ratio, the program is not performing as well as expected on improving math and reading scores. The action plan is to return to more face-to-face instruction, improve student assessments, provide Chrome books for students, and improve teacher professional development. One area of concern, the turnover rate for youth care specialists increased from 18 percent in FY21 to 39 percent for FY22. The department says the high turnover is the result of staff taking outside positions that allow telecommuting. The department wants to allow for part-time or job share positions to improve retention.

Budget: $71,969.8 **FTE: 807**

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Physical assaults in juvenile justice facilities	287	224	<285	155	G
Eligible juvenile-justice-involved youth who are participating in fostering connections	New	New	60%	50%	R
Juvenile justice clients who successfully complete formal probation	94%	90%	85%	87%	G
Recidivism rate for youth discharged from active field supervision	20%	18%	20%	15%	G
Recidivism rate for youth discharged from commitment	41%	33%	55%	35%	G
Clients with improved math scores	68%	No data	56%	44%	R
Clients with improved reading scores	41%	No data	56%	33%	R

Budget: $71,969.8 **FTE:** 807

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Substantiated complaints by clients of abuse and neglect in juvenile justice facilities	3	2	5	2	G
Turnover rate for youth care specialists	18%	18%	21%	39%	R
Youth being formally supervised by field services currently in kinship care settings	New	17%	35%	15%	R
Indian Child Welfare Act Youth for which proper tribal notification was given	New	61%	90%	No Data	
Program Rating	Y	Y			G

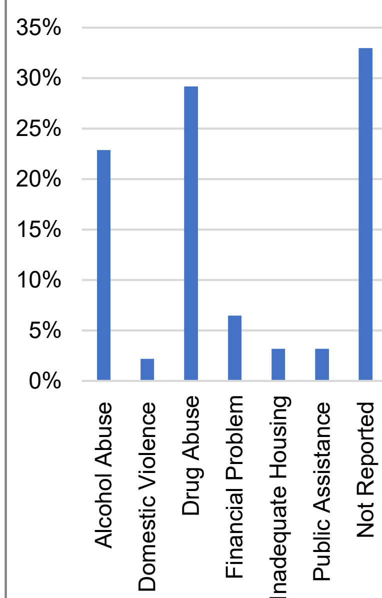
Behavioral Health Services

New Mexico ranks 23rd among states on whether a youth with a major depressive episode (MDE) received services. However, the state ranks 38th for youth with MDE receiving consistent treatment and 50th and 45th for mental illness prevalence and substance use disorder, respectively. Taken together, these measures are an indicator the state should focus efforts on ensuring consistent care for youth and ensuring this care is high quality and evidence-based, while still expanding access. The number of providers offering infant mental health, high fidelity wraparound services, multisystemic therapy, and family peer support services increased from 100 in FY21 to 141 in FY22, a 41 percent increase. The increase is a positive development but needs to occur at a much faster pace to affect outcomes on a larger scale.

Budget: $45,658.8 **FTE:** 117

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Infants served by infant mental health teams with a team recommendation for unification who have not had additional referrals to protective services	94%	70%	90%	100%	Y
Children and youth in department custody who are placed in a community-based setting	New	90%	70%	91%	G
Clients enrolled in multisystemic therapy who demonstrate improvement in mental health functioning	91%	92%	75%	90%	G
Domestic violence program participants who agree they have strategies for enhancing their safety.	New	0%	80%	90%	G
Domestic violence program participants who agree that staff and advocates regularly discuss their safety needs, including specific things they can do to keep themselves safe	New	95%	80%	93%	G
Change in number of endorsed or certified healthcare personnel providing infant mental health, high fidelity wraparound services, multisystemic therapy, and family peer support services	New	New	15%	41%	G
Increase in supportive or independent housing options for youth ages 16-21 years from baseline FY20 levels	New	15%	20%	25%	G
Department-involved youth in the estimated target population who are receiving services from community behavioral health clinicians	64%	65%	75%	65%	R
Program Rating	G	G			Y

Child Victims With Caregiver Risk Factors 2020



Source: ACF Child Maltreatment 2020

Economic Development Department

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

LegisStat Pilot Agency

The New Mexico Economic Development Department (NMEDD) participated in the Legislative Finance Committee's first LegisStat panel, a new hearing format hyper-focused on performance metrics and agency action plans. The department will update the committee on LegisStat measures in June.

The agency addressed the department's role in creating jobs in the state. The department will be expected to follow up on member questions in its fall budget hearing, including

- How many of the short-term strategic plan action items has the department completed or nearly completed?
- How do newly funded economic development initiatives, like the venture capital investment fund or the opportunity enterprise fund, interact with the strategic plan?
- How is the department monitoring the return on investment from LEDA grants?
- How does the department ensure consistency in award criteria for LEDA?

The Economic Development Department (EDD) received a 19 percent recurring general fund increase during the 2022 Legislative session, in addition to nonrecurring appropriations totaling $100 million between the 2021 second legislative session and 2022 regular session. The agency will also be expected to help shape other major legislative investments in economic development, including the newly created venture capital fund and opportunity enterprise acts. With over $200 million in new investments for various economic development initiatives, along with EDD's new 20 year strategic plan, the department has an opportunity to diversify and grow the state's economy.

The department surpassed performance targets on nearly every measure in FY22, and doubled rural job creation compared with FY21 which had lagged overall job creation since the pandemic. The committee should work with the agency and state budget division to increase performance targets for FY24 to reflect and maintain the momentum of the department's FY22 performance. In an otherwise exceptional year for the department, the performance of the New Mexico partnership (created as a mechanism to entice and entertain companies considering relocating to New Mexico) stands out, attracting only 64 jobs to the state, well under the target of 2,250 jobs.

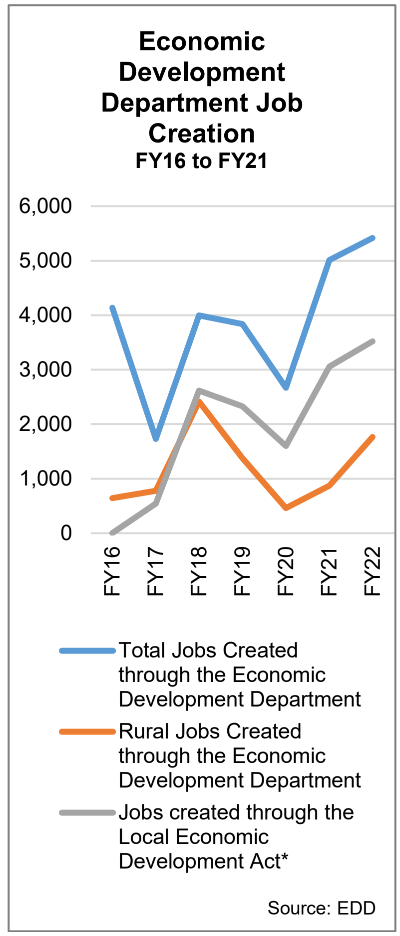
The agency's action plan reflects both its 20 year strategic plan and directives from legislators in the three LegisSTAT hearings EDD participated in. EDD shifted efforts to attracting companies that offer competitive wages, moving away from low-wage high-volume jobs such as call centers (the department notes there have been 0 call center projects in FY22.) The agency surpassed the target for wages of jobs created in excess of prevailing local wages by over $10 thousand, and the average annual wage of new jobs created by the department in FY22 was $61.4 thousand, surpassing both the previous quarter and the target of $47 thousand.

Economic Development

Local Economic Development Act and Job Training Incentive Program. The Economic Development Division awarded four companies $6.5 million in Local Economic Development Act (LEDA) funds in the fourth quarter of FY22, bringing total LEDA awards in FY22 to $27.9 million, creating 3,447 jobs at a cost of about $8,000 per job. Major LEDA investments in FY22 include $10 million to Universal Hydrogen Co. (a hydrogen storage module manufacturer) to construct a facility in Albuquerque bringing approximately 500 jobs, $5 million to Manna Capital Partners (a capital investment group) to build an aluminum can sheet rolling and recycling center in Los Lunas, creating 950 jobs within the next 4 years, and $5 million to Curia (a bioscience research and manufacturing organization in Albuquerque) to expand its operational facilities. The department reports $3.5million available in LEDA funds, not including the $50 million appropriated in the 2022 regular session.

For the Job Training Incentive Program (JTIP), the JTIP board approved 30 companies in the fourth quarter, bringing 465 new jobs at an average wage of $31 per hour. Of the new jobs, 224 were high wage with salaries in excess of $60 thousand, 99 of which were in rural areas. A total of 2,355 trainees were approved for JTIP funding in FY22, 570 of which were in rural areas. Additionally, the Film Crew Advancement Program, one of the two job training incentive programs for Film and Multimedia programs, approved a total of 29 companies to train 202 crew members at an average hourly wage of $41.24 in FY22. The department reports $6.1 million in available JTIP funds.

MainStreet. In addition to $42 million in private sector investments and 232 private building rehabilitations, local MainStreet programs reported 200 net new businesses, 45 business expansions, and 730 net new jobs in FY22. Major MainStreet projects from the final quarter of FY22 include three public/private projects worth over $4.2 million this quarter in Artesia, Carlsbad, and Las Cruces, and $2.2 million in private rehabilitation work throughout the state. During the 2022 regular legislative session, the Legislature approved a remarkable $10 million in severance tax bonds for MainStreet districts, compared with just $250 thousand in 2021 and $1 million in 2020.



Budget: $10,277 **FTE:** 25

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Jobs created due to economic development department efforts	2,670	5,012	4,000	5,263	G
Rural jobs created	460	871	1,320	1,766	G
Average wage of jobs created due to economic development department efforts (in thousands)	NEW	$70.6	$47.5	$61.4	G
Jobs created through business relocations facilitated by the New Mexico partnership	812	147	2,250	64	R
Private sector investment in mainstreet districts, in millions	$24.5	$59	$30	$42	G
Number of building rehabilitations assisted by the MainStreet Program	306	274	200	232	G
Potential recruitment opportunities submitted by the New Mexico Partnership	33	60	60	69	G
Wages of jobs created in excess of prevailing local wages	NEW	$24,948	$5,000	$18,177	G
Private sector investment in MainStreet districts, in millions	$24.57	$58	$30	$42	G
Number of company visits to New Mexico for projects managed by the New Mexico Partnership	New	9	12	21	G
Private sector dollars leveraged by each dollar through Local Economic Development Act	27:1	128:1	20:1	84:1	G
Jobs created through the use of Local Economic Development Act funds	1,600	3,058	3,000	3,447	G
Program Rating	Y	Y			G

*Measure is classified as explanatory and does not have a target.

New Mexico Film Office

The Covid-19 pandemic brought film and television production to a standstill from March 2020 to September 2020. Productions ramped up quickly at the close of FY21 and have continued momentum in FY22. All measures for the film office surpassed FY22 targets, with direct spending by the film industry notably increasing from $51 million to $206 million.

One-Time Economic Development Funding at a Glance
(in thousand of dollars)

Purpose	2021 Second Special Session	2022 Regular Session
Outdoor Equity Fund	3,000	
Trails + Grants	7,000	
Film Academy		40,000
Local Economic Development Act		50,000
Venture Capital Investment Fund		35,000
Federal Grants Administration	435	3,500
Local grant management		1,500
Opportunity Enterprise Fund		70,000
Job Training Incentive Program		6,000
Subtotal	**10,000**	**201,000**
Grand Total		**216,435**

Source: LFC Files

Budget: $822.8 **FTE:** 8

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Direct spending by film industry productions, in millions	$257.3	$624	$530	855.4	G
Film and media worker days	266,604	514,580	320,000	668,707	G
Total gross receipts paid by film industry productions, in millions	NEW	$30.6	$20	$47	G
Total wages paid by film industry productions to New Mexico residents, in millions	NEW	$121.2	$200	$157	G
Program Rating	Y	G			G

*Measure is classified as explanatory and does not have a target.

Outdoor Recreation

The Outdoor Recreation Division's goal is to ensure all New Mexicans share in the public health, environmental, and economic benefits of sustainable outdoor recreation. The division focuses on a few key impact areas: economic development, promotion of outdoor-recreation assets, conservation, and education and public health programs.

The Legislature heavily invested in the division's two grant funds, appropriating $7 million to the "Trails+" fund, created to assist local entities in creating, maintaining, and improving recreational trails, and $3 million to the outdoor equity fund, designed to fund outdoor programming for underserved youth. The division began accepting grant applications for the Trails+ outdoor infrastructure grants in early March and announced the first 15 recipients of the grant, totaling $2.74 million. Approved projects include $400 thousand to McKinley County for a 22 mile trail connector, $99 thousand to Red River for restroom facilities in Mallette Park, and $78.9 thousand for trail improvements in Bloomfield. The outdoor equity fund will announce award recipients in fall 2022.

The division also received a $1.9 million joint grant with the Tourism Department from the federal Economic Development Administration for marketing. As a result, the office began tracking earned media from the department's efforts and reports approximately $28 thousand in earned media in FY22.

Budget: $482.2 **FTE:** 4

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
New outdoor recreation jobs created by the outdoor recreation division*	40	9	N/A	173	
Outdoor recreation projects funded or lead by the outdoor recreation division*	11	9	N/A	44	
Number of youth to participate in outdoor education programs through the division*	NEW	NEW	N/A	21,904	
Program Rating					G

*Measure is classified as explanatory and does not have a target.

With the state's peak tourism season (April-August) coming to a close, tourism sector job growth steadily recovering, and a nearly 15 percent budget increase on the horizon for FY23, the Tourism Department (NMTD) is positioned to make real impact in an industry that took seemingly endless hits throughout the pandemic. The department met or exceeded most performance targets in FY22 and submitted detailed and achievable action plans where performance was low.

NMTD focuses on data for everything from workforce revitalization to marketing decisions and hosts a public economic recovery dashboard on its website. The dashboard features data from various sources on visitor spending, vaccination rates, small business performance, and hotel occupancy rates. This tool enables legislators and members of the public to track the efficacy of marketing and promotion spending, and the department should consider continuing the dashboard postpandemic in addition to including relevant measures in its quarterly reports.

Marketing and Promotion

Workforce. After a nearly two-year long recovery period, jobs in the New Mexico leisure and hospitality sector pulled within 1 percentage point of prepandemic employment levels. The department reports 19 percent more jobs in the sector in the fourth quarter of FY22 year over year and 3,200 more jobs compared with last quarter. The department participated in the ongoing LegisStat hearing format, wherein agencies consistently respond to specific metrics to gauge performance and encourage performance-based management. In response to July LegisStat hearing where members questioned how the department could collaborate with other state agencies to increase visitation and address workforce concerns, the secretary submitted an action plan detailing new initiatives to collaborate with the Department of Cultural Affairs and the State Parks Division of the Energy, Minerals, and Natural Resources Department. NMTD will continue to collaborate with the Workforce Solutions Department to match unemployed individuals with unfilled leisure and hospitality jobs. The department reports it also collaborated with the New Mexico Small Business Development Center to provide counseling and resources to keep businesses open, saving 2,000 tourism- related jobs in FY22.

Media and Engagement. The department leveraged pandemic-related closures to significantly grow its social media presence in FY21, but digital engagement fell in every quarter of FY22. The agency offers several explanations for decreased engagement, most notably that new platform algorithms tend to boost "incendiary" or "controversial" posts. The agency's strategic plan addresses this directly, noting the department made a deliberate shift posting neutral but engaging content and voluntarily reported other, more useful measures, such as number of e-newsletters opened and website traffic activity. The department secured five times the target for earned media in FY22 from various news, sports, and magazine features and reports a return on investment of $5.60 in earned media for every $1 spent on national marketing.

Budget: $14,795.1 **FTE: 16**

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Year over year change in New Mexico leisure and hospitality employment	-27.5%	-14%	3%	19%	G

ACTION PLAN

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

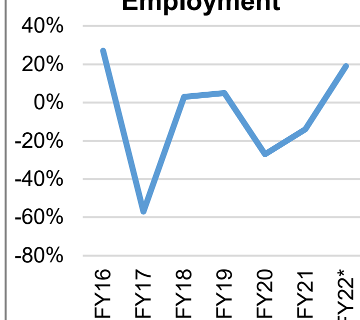
LegisStat Pilot Agency

The Tourism Department participated in the Legislative Finance Committee's first LegisStat panel, a new hearing format hyper-focused on performance metrics and agency action plans.

The agency addressed key economic recovery indicators, including visitation rates and leisure and hospitality employment rates. The department submitted some follow-up requests but will be asked to update members on outstanding questions, including

- Visitor spending by county
- Updated childcare/workforce data
- Outcomes from collaboration with agencies, including State Parks, the Economic Development Department, and the Department of Cultural Affairs.

Change in New Mexico Leisure and Hospitality Employment

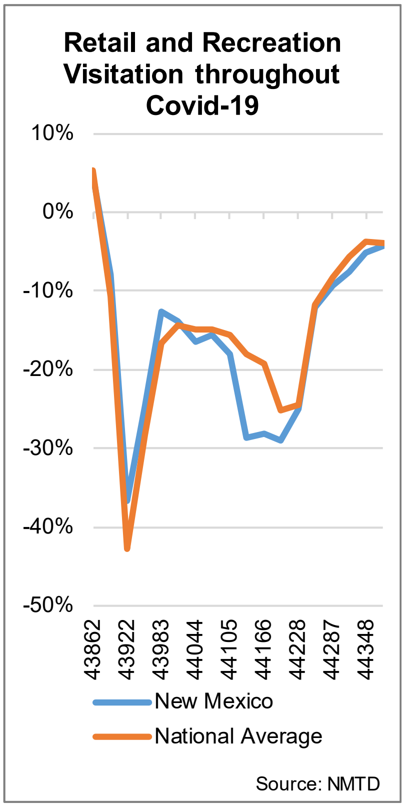


Source: NMTD

Tourism Recovery Metrics

	June 2020	June 2022
Travel Spending*	-67.1%	-2%
Drive Market Visitors*	-54%	-7%
Passengers Deplaned At Albuquerque International Sunport	25,313	135,931
Hotel Occupancy Rates*	25.9%	30.3%

*percentage increase (decrease) compared with FY19



Tourism and Outdoor Recreation
The Tourism Department works closely with the Economic Development Department's Outdoor Recreation Division to ensure trails are supported by the New Mexico True brand and expand outdoor tourism development. The department's received a $2.5 joint grant to build outdoor tourism infrastructure. Approved project examples include

- $65.5 thousand to Clovis: Mental Health Resources Inc. will convert four acres of vacant land into the Richard Lucero Wellness Trail in Clovis for public, client, and staff use.
- $400 thousand to McKinley County: McKenzie Ridge Trail Connector is a 22-mile segment that links Hilso (McGaffey) Trail System to the Twin Springs Trail System as part of the overall 186-mile Zuni Mountain Trail Project. This project climbs along McKenzie Ridge.
- $99 thousand to Red River: The Town of Red River will install proper restroom facilities to complement the town's substantial investments in the recreational features at Mallette Park. The park enjoys growing popularity with local residents and visitors alike
- $202.3 thousand to Ruidoso: The project will improve, design, and develop sheltered picnic areas, restrooms, pavilions, Americans with Disabilities Act improvements, and dock improvements.

Budget: $14,795.1 **FTE:** 16

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Change in total digital engagement	New	16.8%	3%	-32%	R
Amount of earned media value generated in millions	New	$1.7	$1.0	$5.2	G
Program Rating	Y	Y			Y

*Measure is classified as explanatory and does not have a target.

New Mexico Magazine

New Mexico Magazine revenues in FY22 were 30 percent higher than in FY21. New Mexico Magazine shifted much of its readership and advertising to online rather than in print and submitted new measures for FY24 to encapsulate online activity. The magazine's digital engagement reaches more than 200 thousand visitors per month across various platforms, and the magazine won 16 award recognitions from the International Regional Magazine Publishers Association, including first place awards in writer of the year, recreation feature, general feature, illustration, food feature, and travel package.

Budget: $3,231.9 **FTE:** 10

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Advertising revenue per issue, in thousands	$75	$182.2	$80	$137	G
Program Rating	Y	G			G

*Measure is classified as explanatory and does not have a target.

Tourism Development Program

The program provides tourism support for communities, regions, and other entities around the state by providing training, litter prevention, cultural heritage outreach, and financial support in the form of competitive grants. The program made collaboration with Native American partners a priority in recent years, hiring a full-time cultural heritage coordinator in late FY20. The New Mexico True Certified program continued to grow in FY22 and helped businesses weather the pandemic by creating holiday gift guides and various road trip guides. NMTD notes the New Mexico True certified program has quadrupled since its creation in 2014 and projects continued growth as more businesses realize its branding potential.

The Tourism Development Program's cooperative marketing grant initiative has also become a popular function of the agency. The grant, which requires matching funds from local governments, enhances local tourism campaigns with the expertise and brand power of the department while allowing communities to choose attractions to highlight. The department worked with the State Budget Division and LFC staff to create new measures tracking the success of these programs as funding increases.

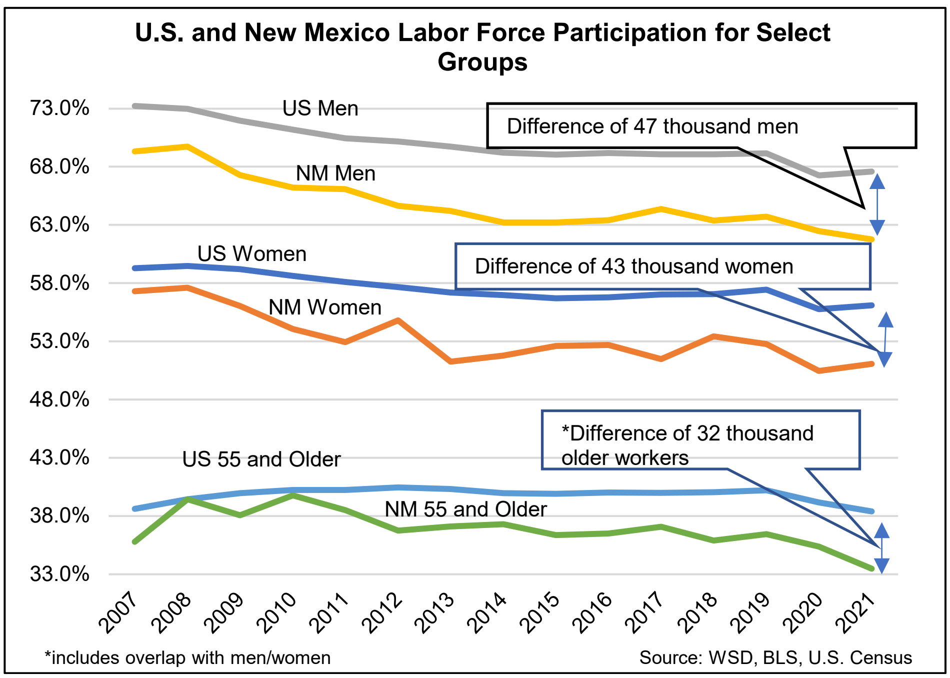
Budget: $2,305.8 **FTE:** 18

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Number of meetings or events conducted with Native American entities	NEW	21	16	23	G
Number of participants in New Mexico True Certified Program	NEW	414	250	401	R
Program Rating	Y	R			G

*Measure is classified as explanatory and does not have a target.

Workforce Solutions Department

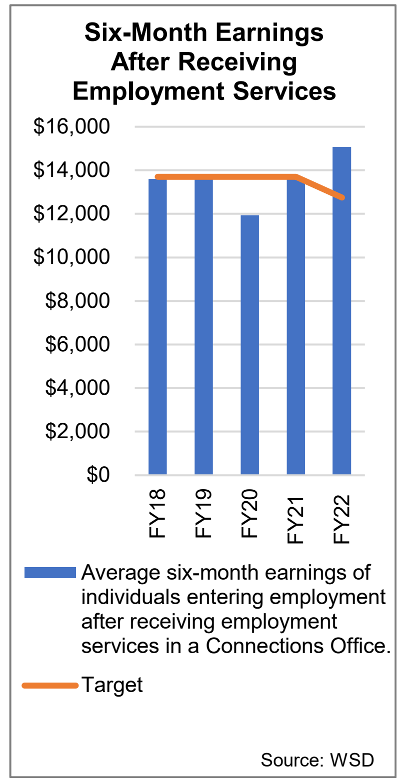
Across sectors, the state is in need of every worker it can get, but it especially needs teachers, nurses, social workers, and service industry workers. Improving participation in the labor force is a key strategic goal for the state to recover from the pandemic, meet long-term needs, and address labor shortages. However, almost every indicator of the labor force participation rate (LFPR) is lower in New Mexico than the rest of the United States including by sex, educational attainment, disability, and age, according to the April 2022 Workforce Solutions Department Labor Market Review. The review found participation rates dropped 9 percent between 1999 (peak LFPR) and 2021 for men between the ages of 25-34, the largest reduction for any age group and close to double the national decline. In 2021, the LFPR for men in New Mexico ranked third from the bottom nationally. Also in 2021, New Mexico had the fourth lowest LFPR among women and the reduction between 1999 and 2021 was greatest for women aged 35-44 at 5.2 percent. Between 2010 and 2020, participation dropped the most for those with just a high school education.

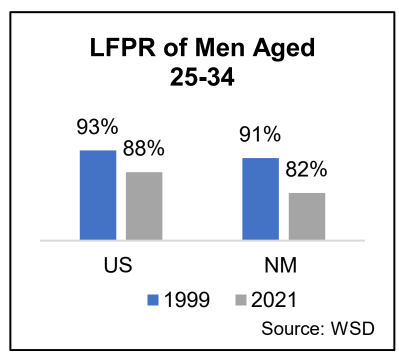


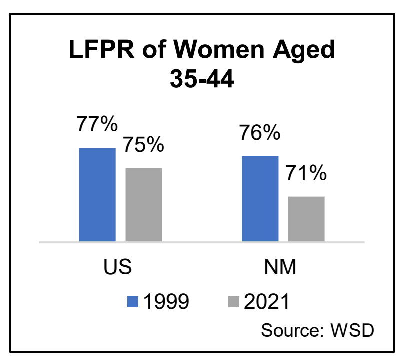
U.S. Bureau of Labor Statistics, studies show low labor force participation rates cause rising dependency ratios because fewer workers are available to support those who do not work, higher tax rates because of a shrinking base, and slower economic growth because fewer people are working. Reasons for low participation include out-migration of working aged adults, an aging population, and more people receiving disability. The number of people receiving disability between 1999 and 2020 nearly doubled from 31 thousand to 61.3 thousand. The study also suggested a correlation between low LFPR and comparatively low real per capita income.

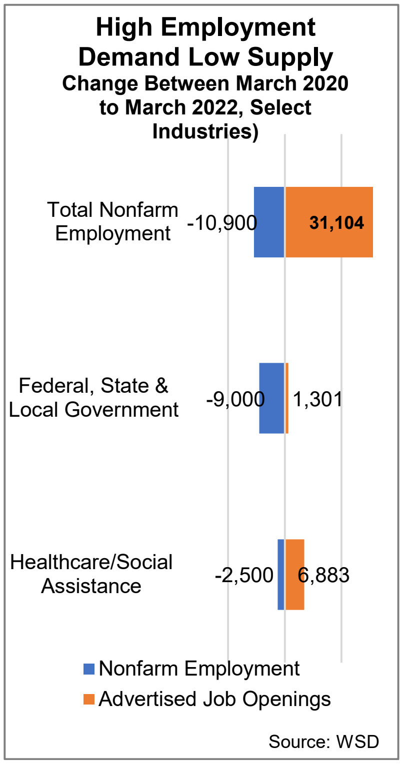
The Legislature made investments in 2022 to address labor shortages in key areas. The department directly received $10 million for reemployment services,

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









case management, and youth apprenticeships. Higher education institutions also received about $100 million for teaching endowments in social worker and nursing programs, $7 million for the teacher student loan repayment fund, and $20 million for work-study programs. There is no shortage of funding for training future workers but a plan and further coordination among the entities is needed to spend funding strategically.

Employment Services

The Employment Services Program plays a key role in addressing the low LFPR and is a central player in developing a plan. The program oversees the state's network of workforce connections centers and operates several programs related to the federal Workforce Innovation and Opportunities Act (WIOA). The Legislature appropriated $10 million to the department from the federal American Rescue Plan Act funds for reemployment case management and youth apprenticeships. Much of the funding could be used to augment already existing evidence-based workforce programs the federal government funds through WIOA. In the fourth quarter, 12.6 thousand individuals received employment services in a connections office, roughly half the targeted 25 thousand. The plan to improve the participation rate will require a large outreach effort and case management to ensure prospective workers take advantage of generous state programs, such as near universal childcare.

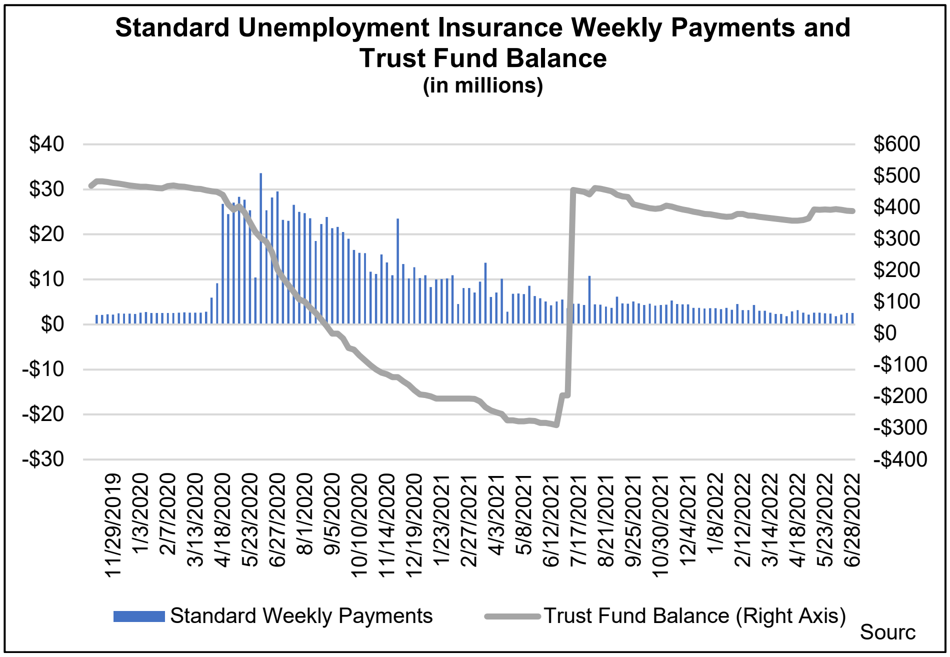
Budget: $22,505.4 FTE: 149

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Average six-month earnings of individuals entering employment after receiving employment services in a Connections Office	$11,936	$13,594	$12,750	$15,076	G
Recently separated veterans entering employment	49%	47%	50%	48%	Y
Unemployed disabled veterans entering employment after receiving workforce development services in a Connections Office	44%	47%	50%	46%	Y
Individuals receiving employment services in a Connections Office	91,743	107,366	100,000	60,116	R
Unemployed individuals employed after receiving employment services in a Connections Office	67%	57%	60%	51%	R
Individuals who have received employment services in a Connection Office, retaining employment services after six months	69%	57%	75%	55%	R
Recently separated veterans retaining employment after six months	52%	45%	71%	47%	R
Average six-month earnings of unemployed veterans entering employment after receiving veterans' services in a Connections Office	$9,478	$14,193	$17,000	$18,800	G
Average change in six-month earnings of working individuals after receiving employment services in a Connections Office	New	No report	$1,500	$2,032	G
Audited apprenticeship programs deemed compliant	New	67%	75%	50%	Y
Total number of individuals accessing the agency's online Job Seeker portal	New	293,837	125,000	106,659	R
Apprenticeships registered and in training	New	1,837	1,500	1,883	G
Program Rating	Y	Y			G

*Measure is classified as explanatory and does not have a target.

Unemployment Insurance

In May 2021, LFC published an unemployment insurance spotlight evaluation and estimated the state had paid about $250 million in benefit overpayments since the start of the pandemic. To address overpayment issues and reduce call center wait times, the department hired more than 100 call center staff. Some of the staff were repurposed contact tracers from the Department of Health (DOH) and others were brought on as exempt staff through the governor's office. However, because the federal government instituted the overpayment waiver, the workload of these staff should have been reduced.



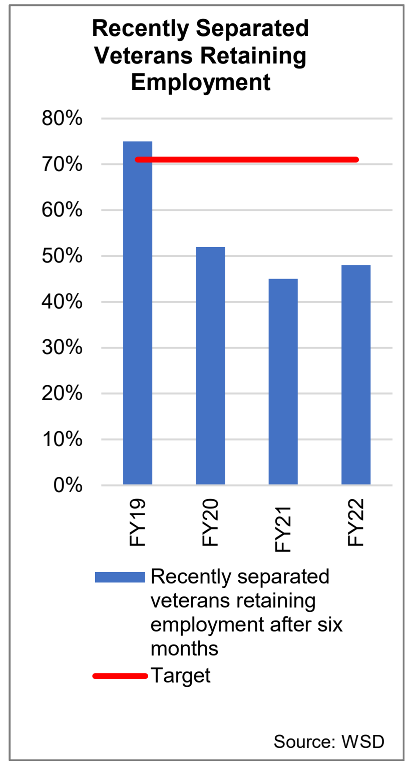
Budget: $14,107.4 FTE: 164

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Eligible unemployment claims issued a determination within 21 days from the date of claim	73%	55%	89%	35%	R
Percent of all first payments made within 14 days after the waiting week	84%	60%	90%	52%	R
Accuracy rate of claimant separation determinations	N/A	53%	91%	65%	R
Average wait time to speak with a customer service agent in the unemployment insurance operation center to file a new unemployment insurance claim, in minutes	24:48	18:69	18:00	7:19	G
Average wait time to speak with a customer service agent in the unemployment insurance operation center to file a weekly certification, in minutes	18:48	16:55	15:00	9:30	G
Program Rating	R	R			Y

*Measure is classified as explanatory and does not have a target.

Labor Relations

In 2021, the Legislature passed the Healthy Workplaces Act requiring employers within the state to provide sick leave of one hour per 30 hours worked, with earned sick leave carrying over from year to year with the maximum total carryover not to be less than 64 hours. The department is required to investigate complaints related



to the act, which may significantly increase investigations. The department posted guidance with frequently asked questions on its website to support businesses implementing the law. On the measure for claims issued a determination within 90 days, the agency received a yellow rating because it made siginificant progress over three years toward reaching the target.

Budget: $2,947.4 FTE: 41

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Investigated claims issued an administrative determination within 90 days	17%	14%	85%	50%	Y
Total public works projects inspected	New	0%	80%	77%	Y
Discrimination claims investigated and issued a determination within two-hundred days	New	27%	75%	28%	R
Program Rating	Y	R			G

*Measure is classified as explanatory and does not have a target.

Human Services Department

The Human Services Department's Medicaid Program enrolls almost 50 percent of New Mexicans, making it the largest per capita Medicaid Program in the country, and represents approximately 14 percent of the state's general fund spending. Quarterly data for Medicaid is not consistently reported because of a lag in data from the reporting period, making it difficult to monitor performance outcomes. For the fourth quarter, several of the Medicaid Program's performance measures are pending because annual Healthcare Effectiveness Data and Information Set (HEDIS) data becomes available June 30. Where data is available, Medicaid's performance appears to be lagging behind the targets, concerning for a program of this size and import. HSD reports performance is improving on certain Medicaid performance measures when compared with the same time period last year.

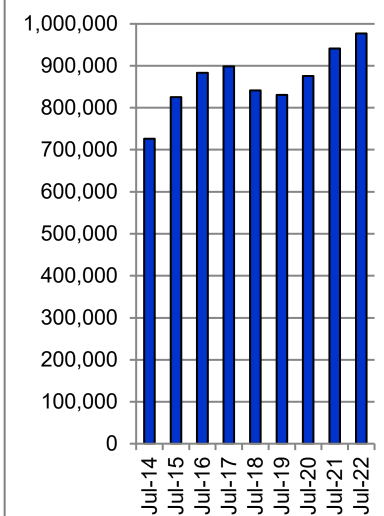
Medicaid managed care organizations (MCOs) receive per-member per-month (PMPM) payments for most Medicaid enrollees regardless if enrollees access services. Notably, utilization rates appear well below the projected levels on which the PMPM rates were built, resulting in the Medical Assistance Division recouping funds from the MCOs. Network adequacy must be ensured to enable Medicaid clients to access to services.

Labor force participation is needed at all levels in the state. However, the Income Support Division's (ISD) Temporary Assistance for Needy Families (TANF) Program reported 0.8 percent out of a targeted 37 percent of TANF recipients were ineligible for cash assistance due to work-related income, an indication almost all TANF recipients are unemployed or underemployed. The Workforce Solutions Department helps TANF participants with workforce and educational opportunities. ISD and the Child Support Enforcement Division's performance both lagged behind targeted levels for FY22.

Pandemic-Related Enrollment and Funds. The public health emergency (PHE), federal policy, and workforce participation greatly impact the Medicaid program's enrollment, utilization, costs, and outcomes. In 2020, the Families First Coronavirus Response Act included a 6.2 percent increase in the federal

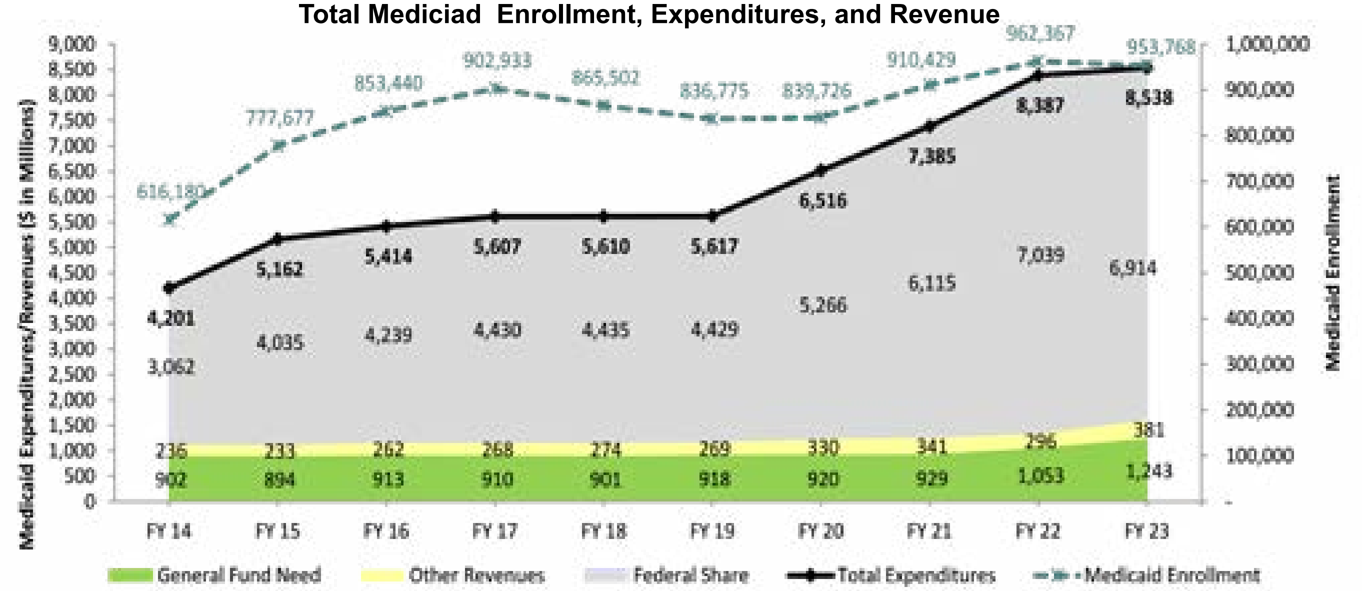
ACTION PLAN	
Submitted by agency?	Yes
Timeline assigned by agency?	No
Responsibility assigned?	No

Total Medicaid Enrollment



Source: HSD

Total Mediciad Enrollment, Expenditures, and Revenue



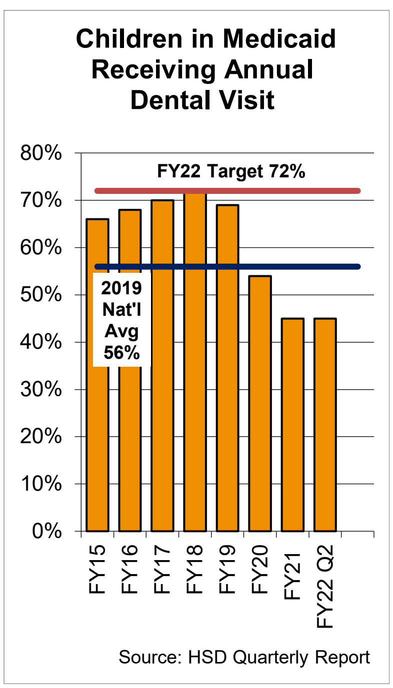
Source: HSD

The Office of Superintendent of Insurance (OSI) implemented network adequacy compliance reporting requirements for commercial health insurance beginning January 1, 2022. OSI also implemented more rigorous standards for existing network adequacy compliance reporting.

Medicaid MCOs should be required to comply with OSI regulations for network adequacy and reporting.

The Medicaid caseload in June 2022 was 968,763 individuals, a 4.2 percent increase over a year ago. The count of Medicaid recipients increased by 1,765, or 0.2 percent, over May 2022.

In June 2022, 385,538 children were on Medicaid, an increase of 4,851 children, or 1.3 percent, over June 2021. However, the number of children on Medicaid decreased by 549 members, down 0.1 percent, from May 2022 to June 2022.



Medicaid matching rate in exchange for states keeping all enrollees regardless of income. During the PHE between March 2020 and March 2022, Medicaid enrolled over 160 thousand new members, for a total approaching 970 thousand.

Medical Assistance Division

The Medicaid Program received a red rating for the fourth quarter based on reported performance not meeting targeted levels on multiple measures, including infant and maternal health. The program did not report fourth quarter data for HEDIS performance measures highlighted in the report card and is expected to report annual HEDIS performance measure data in the first quarter of FY23. The Medical Assistance Division (MAD) reports it is working with MCOs to ensure every qualified New Mexican receives timely and accurate benefits.

For the third quarter, a reported 7.6 percent out of a targeted 88 percent of children received one or more well-child primary care visits. HSD reports this rate is based on HEDIS technical specifications, which applies a member's continuous enrollment specification for the measurement year and does not align with the state fiscal year quarterly reporting. No data was reported for this HEDIS performance measure for the fourth quarter, but with almost 8,000 children added to Medicaid during the federally declared public health emergency, quarterly performance data that monitors the health outcomes for children on Medicaid is critical.

The performance measure, "infants in Medicaid managed care who had six or more well-child visits with a primary care physician during their first 15 months" is a measure HSD uses to track performance and issue penalties for noncompliance. However, fourth quarter data was not provided for this measure. HSD added the well-child measure as a Medicaid MCO tracking measure in FY22 and requested MCOs provide detailed action plans with their quarterly performance measures. MCO strategies to improve well-child visits include increasing outreach calls, instituting value-based contracts with providers, creating a reward program for well-child visit compliance, offering assistance with scheduling appointments and transportation, and implementing a member texting campaign.

Home Visiting. Participation in the Centennial Home Visiting program (CHV) remains low despite federal and Medicaid funding for the program. CHV was established in 2020, provides in-home services to young children, children with special healthcare needs, and the parents and primary caregivers of those children. The CHV's goals are to improve maternal and child health, promote child development and school readiness, encourage positive parenting, and connect families to support in their communities. MAD requires the prenatal and postpartum performance measures, and each MCO is expected to meet the target of 64.8 percent.

Budget: $6,351,758.6 **FTE: 215.5**

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Infants in Medicaid managed care who had six or more well-child visits with a primary care physician during their first 15 months*	52%	51%	N/A	No Report	R
Children and youth in Medicaid managed care who had one or more well-child visits with a primary care physician during the measurement year*	33%	39.5%	88%	No Report	R
Children ages 2 to 21 enrolled in Medicaid managed care who had at least one dental visit during the measurement year	54%	56%	72%	No Report	R

Hospital readmissions for children ages 2 to 17 within 30 days of discharge	4.9%	6.7%	<5%	6.8%	R
Hospital readmissions for adults 18 and over within 30 days of discharge	9.3%	8.9%	<8%	8.9%	R
Emergency room use categorized as nonemergent per one thousand Medicaid member months	61%	50%	50%	53%	R
Newborns with Medicaid whose mothers received a prenatal care visit in the first trimester or within 42 days of enrollment in the managed care organization*	72%	70%	83%	No Report	R
Medicaid managed care members ages 18 through 75 with diabetes, types 1 and 2, whose HbA1c was >9 percent during the measurement year*	54%	53%	86%	No Report	R
Program Rating	Y	Y			R

*Measures are Healthcare Effectiveness Data and Information Set (HEDIS) measures, which represent a tool used by more than 90 percent of America's health plans to measure performance on important dimensions of care and service. The most recent unaudited data available includes the last quarters of FY21 and the first quarters of FY22. The data for HEDIS measures is preliminary and will be finalized in June 2022.

The Supplemental Nutrition Assistance Program (SNAP) caseload in June 2022 was 240,950, an 11.3 percent decrease from a year ago and a decrease of 6,156 cases, or 2.5 percent, below May.

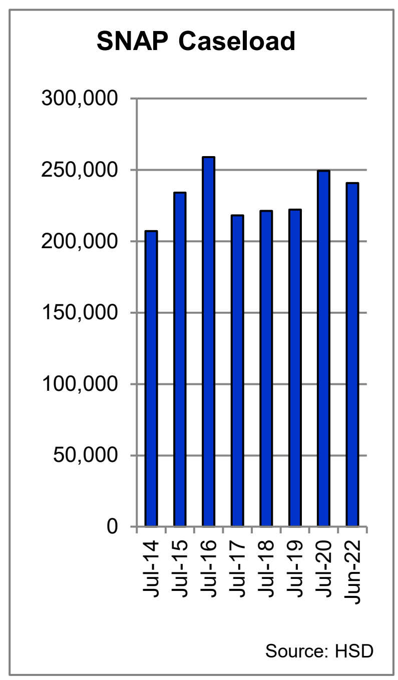
The Temporary Assistance for Needy Families (TANF) caseload was 10,735 in June 2022, a decrease of 11 percent from a year ago and a decrease of 205 cases, or 1.9 percent, below May.

Income Support Division

The Income Support Division's (ISD) Temporary Assistance for Needy Families (TANF) and Supplemental Nutrition Assistance Program (SNAP) caseloads rose over the previous year but began declining at the end of FY22. The performance measure "TANF recipient's ineligible for cash assistance due to work-related income" reflects adults whose new employment income exceeded TANF guidelines. Despite unemployment substantially declining in New Mexico, less than 1 percent of TANF recipients were ineligible for cash assistance due to work-related income.

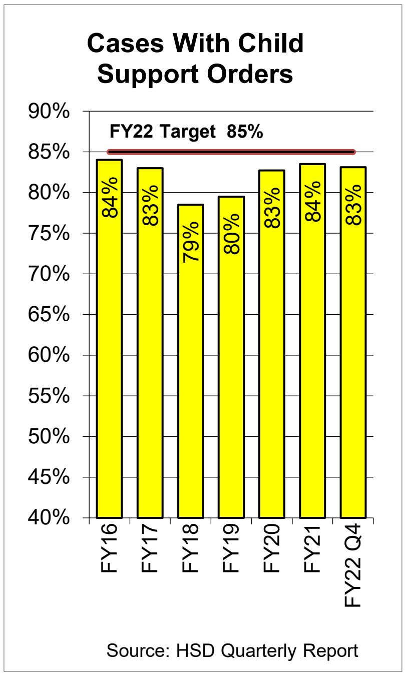
The Workforce Solutions Department (WSD) is partnering with ISD to establish employment placements for TANF Career Link Program and Wage Subsidy Program participants. WSD started a campaign called "Ready NM" with access to training, education, and employment resources that can assist TANF participants.

HSD reports WSD implemented an internal case management process to utilize its employment services staff and workforce connection online system (WCOS) to directly connect TANF participants to available employment and training opportunities throughout the state. TANF participants identified as job ready are referred to employment services staff who assist in WCOS registration, résumé writing, interview preparation and applying for jobs via WCOS. TANF participants who are working with WSD also have direct access to programs offered by the Division of Vocational Rehabilitation, Higher Education Department, and other local community partners, enhancing opportunities for employment and education for TANF participants.



Budget: $1,080,047.7 **FTE: 1,133**

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Regular Supplemental Nutrition Assistance Program cases meeting the federally required measure of timeliness of 30 days	98.8%	98.6%	96%	89%	R
Expedited Supplemental Nutrition Assistance Program cases meeting federally required measure of timeliness of seven days	98.8%	98.5%	98%	75.5%	R
Temporary Assistance for Needy Families recipients ineligible for cash assistance due to work-related income	14.1%	7.6%	37%	0.8%	R



Two-parent recipients of Temporary Assistance for Needy Families meeting federally required work requirements	28.2%	3.5%	52%	2.9%	R
All families receiving Temporary Assistance for Needy Families meeting federally required work requirements	24.3%	4.2%	37%	2.8%	R
Program Rating	Y	R			R

Child Support Enforcement Division

The Child Support Enforcement Division (CSED) is engaged in modernizing the program to set accurate child support obligations based on the noncustodial parent's ability to pay; increasing consistent, on-time payments to families; moving nonpaying cases to paying status; improving child support collections; and incorporating technological advances and evidence-based standards that support good customer service and cost-effective management practices. These modernization efforts were tested in pilot offices and were implemented statewide beginning in February 2022. CSED expected performance to improve with these efforts; however, performance for all FY22 CSED performance metrics fell somewhat short of targeted levels.

CSED reported child support collections totaled $130.3 million and did not meet the FY22 target of $145 million for the year. The decrease in collections began in September 2021, when many noncustodial parents lost unemployment benefits, which were being collected as part of wage withholding payments. The shortfall continued despite an increase in payments due to federal and state tax interceptions in the third quarter. During the 2021 legislative session, statutory changes were made to assist CSED with setting orders based on new guidelines and reviewing cases for possible modifications for right-sized court orders that the noncustodial parents can pay on a more consistent basis. Implementation of those changes began in July 2021 and early data is showing promise for FY23 performance.

Total dollars collected per dollars expended is a federal fiscal year performance measure and no data was yet reported at the close of FY22. CSED expected to see a drop in this measure due to several IT expenditures for modernization projects, the largest of which is the mainframe platform project, implemented in February 2022.

Budget: $32,794.2 **FTE: 370**

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Noncustodial parents paying support per total cases with support orders	51.7%	55.7%	58%	52.4%	R
Total child support enforcement collections, in millions	$156.1	$147.4	$145	$130.3	R
Child support owed that is collected	58.7%	60.9%	60%	57.6%	R
Cases with support orders	83.2%	83.5%	85%	83.1%	R
Total dollars collected per dollars expended	$3.44	$2.90	$4.00	No Report	R
Average child support collected per child	NEW	NEW	N/A	$127.92	Y
Program Rating	R	Y			R

Note: Children with paternity acknowledged or adjudicated are reported in the federal fiscal year.

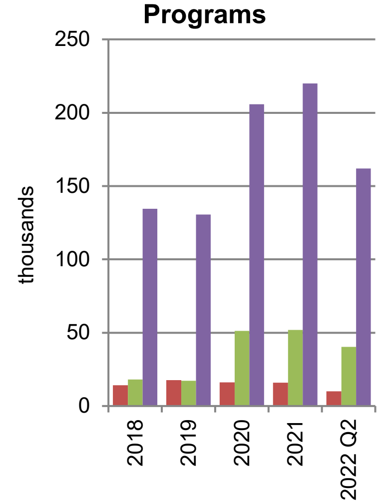
Behavioral Health Collaborative

Despite a substantial investment, behavioral health performance outcomes remain poor in New Mexico and the state continues to have some of the worst behavioral health outcomes in the country. In recent years, state and federal funding for behavioral health has notably increased in both the Medicaid Program and the Behavioral Health Services Division. Several initiatives have been implemented; however, these efforts may not yet be fully reflected in the behavioral health performance outcomes.

The Behavioral Health Collaborative (BHC) needs to enhance its role coordinating overarching behavioral health services across state agencies, including Medicaid. Performance data across agencies would provide a comprehensive overview of the coordination of behavioral health services in the state system, access to services, and systemic outcomes. Currently, the BHC report card primarily consists of performance measures and data from the Behavioral Health Services Division (BHSD) of the Human Services Department representing only a portion of the state's behavioral health system and service dollars.

ACTION PLAN	
Submitted by agency?	Yes
Timeline assigned by agency?	No
Responsibility assigned?	No

Individuals Served Annually in State-Funded Substance Abuse or Mental Health Programs



Source: HSD

Existing Problem

New Mexico had some of the poorest substance use and behavioral health outcomes in the country even before the Covid-19 pandemic further exacerbated anxiety, depression, and substance use. In New Mexico, 19 percent of adults experience mental illness, and as of 2020, New Mexico had the second highest suicide rate in the nation, a rate of 24.8 per 100 thousand people. BHSD reports in the past year over 60 percent of adults with moderate mental illness and 30 percent of adults with serious mental illness did not receive treatment.

The U.S. Centers for Disease Control and Prevention reports in 2020 New Mexico had the 11th highest drug overdose death rate in the United States. New Mexico's drug overdose death rate was 39 per 100 thousand population. New Mexico's alcohol-related death rate, 86.6 per 100 thousand population, was over twice the U.S. rate of 41.5. About two out of three drug overdose deaths in New Mexico in 2020 involved an opioid, and the methamphetamine death rate grew 2.8 times higher than in 2015. The fentanyl-involved death rate in 2020 was seven times greater than in 2016.

LFC Progress Report: Addressing Substance Use Disorders

In August 2021, an LFC progress report recommended the state

- Improve prevention and early intervention programs to address the underlying causes of substance abuse, including poverty and childhood trauma; and
- Improve the quality of behavioral healthcare, boost access, increase financial incentives, and build a workforce that better represents the state's cultural and racial demographics.

Behavioral Health System of Care

Access to Behavioral Health Services. In 2021, BHSD reported there were 6,295 prescribing and 4,057 non-prescribing Medicaid behavioral health providers in New Mexico. Total behavioral health practitioners increased from approximately 500 providers. Behavioral health organizations grew from 368 in 2020 to 388 in 2021. The total number of behavioral health encounters provided by a behavioral health professional or nonbehavioral professional increased from 2,498,234 in 2020 to 2,985,516 encounters in 2021.

A dedicated crisis line was also created for healthcare practitioners. Priorities are to train and provide ongoing coaching to providers on evidence-based practices that can be delivered via telehealth; enhance the statewide crisis and access line;

screen, assess, and serve the health workforce; implement peer recovery supports; and support the network of crisis response, including telepsychiatry.

Provision of Behavioral Health Services. During the pandemic, New Mexico Medicaid managed care organization (MCOs) and non-Medicaid programs allowed behavioral health providers to bill for telephone visits using the same rates as in-person visits. In FY20, 22,575 unduplicated members were served through telehealth services. However, in FY22 the use of telehealth and telephone services to provide behavioral health services are declining. In the fourth quarter, 35,062 unduplicated persons were served in rural and frontier areas through telemedicine as compared with 38,096 persons served last year, representing an 8 percent decrease. The decline is attributed to the lag in claims reporting and decreased utilization as the pandemic declines and people return to office visits.

Notably, health providers who do not specialize in behavioral health are providing an increasing number of behavioral health services. This would indicate more people are reaching out to primary care providers for easier access to behavioral health services. HSD's Primary Care Council is intent on incorporating behavioral health into primary care to bolster support for a behavioral health workforce that is not large enough to meet the needs of state's residents.

BHC Budget: $756,044.1 **FTE: 53**

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Adult Medicaid members diagnosed with major depression who received continuous treatment with an antidepressant medication	40.6%	38.3%	35%	40%	G
Medicaid members ages 6 to 17 discharged from inpatient psychiatric hospitalization stays of four or more days who receive follow-up community-based services at seven days	43.2%	53.7%	51%	50.8%	G
Medicaid members ages 18 and older discharged from inpatient psychiatric hospitalization stays of four or more days who receive follow-up community-based services at seven days	43.2%	53.7%	51%	31.8%	R
Increase in the number of persons served through telehealth in rural and frontier counties*	308%	68.8%	N/A	-8%	Y
Readmissions to same level of care or higher for children or youth discharged from residential treatment centers and inpatient care	8.9%	10.8%	5%	8.1%	R
Individuals served annually in substance use or mental health programs administered by the Behavioral Health Collaborative and Medicaid	273,198	200,932	172,000	212,486	G
Emergency department visits for Medicaid members ages 13 and older with a principal diagnosis of alcohol or drug dependence who receive follow-up visit within seven days and 30 days	14.3% 7day; 21.8% 30 day	13.3% 7 day; 19.7% 30 day	25%	12.6% 7 day; 19.6% 30 day	R
Persons receiving telephone behavioral health services in Medicaid and non-Medicaid programs	NEW	NEW	60,000	62,439	G
Program Rating	R	R			Y

*Measure is classified as explanatory and does not have a target.

Alcohol Abuse, Opioids, and Overdoses

The Department of Health's, *New Mexico Substance Use Epidemiology Profile, 2021*, indicates New Mexico has had the highest alcohol-related death rate in the United States since 1997. New Mexicans die of alcohol-related causes at nearly three times the national average, higher than any other state. Alcohol is involved in more deaths than fentanyl, heroin, and methamphetamine combined. Negative consequences of using excessive alcohol also affect domestic violence, crime, poverty, unemployment, and exacerbates mental illness, all of which are social determinants of health.

According to the federal Substance Abuse and Mental Health Services Administration, 75 percent of people addicted to opioids began taking the drugs with a prescription.

Unintentional drug overdoses accounted for almost 86 percent of drug overdose deaths from 2015 to 2019 in New Mexico, according to the Department of Health. Forty-five percent of those accidental overdoses were caused by prescription opioids and 33 percent by heroin. Of those preventable deaths, nearly 40 percent were of Hispanic males and 18 percent were Hispanic females.

One of the most cited barriers to prevention, treatment, and recovery from opioid abuse in Hispanic and Latino communities has been the lack of effective bilingual educational resources. The Human Services Department's YouTube series "¡El Opio Drama!" emphasizes opioid overdose prevention tactics. Since the Spanish-language video series launched, it has received over 700 thousand views.

The Department of Health (DOH) reported some improvements in performance targets across the agency at the close of FY22, managing the state's Covid-19 response also continues to result in declining performance for other department programs. As part of the state plan to eliminate the waiting list for the Developmental Disabilities (DD) and Mi Via Medicaid waivers, DDSD has already begun allocations for clients. As of early August 2022, of the 5,650 individuals on the DD waiver central registry, 1,920 (34 percent) were in complete status, 774 were on hold (14 percent), 525 (9 percent) had just started the application, 1,066 (19 percent) were under-aged for services, and 1,365 (24 percent) were in the allocation process.

ACTION PLAN	
Submitted by agency?	Yes
Timeline assigned by agency?	No
Responsibility assigned?	No

Public Health

Given the significant size of the Public Health Program's response to the pandemic and statewide closures, the program has reported declining performance on tobacco cessation services. However, successful overdose reversals per client enrolled in the DOH Harm Reduction Program exceeded targeted performance. A recent LFC report found drug overdoses and alcohol-related deaths in New Mexico reached all-time highs in 2020, even though the state has tripled spending on substance use treatment since 2014. In FY16, New Mexico enacted legislation to reduce barriers in providing naloxone to individuals at highest risk of experiencing an opioid overdose. DOH reported in FY21 the program was challenged by federal funding no longer being available for the harm reduction program and the pandemic's impact on staffing. DOH also believes this measure is likely an undercount of opioid overdose reversals because it is based on self-reporting when individuals return to receive a refill.

DOH reported: "Total overdose reversals for clients involved in the Harm Reduction program declined in FY21 related to the Covid-19 pandemic. Because of the huge need, including the risk related to increasing fentanyl use, services quickly ramped back up and exceeded targets in FY22. This was aided by multiple increases in the program's budget from the state legislature, which were designated for the purchase of Naloxone, allowing new service modalities and partners. While opioid overdoses continue to rise across the nation, the trend has been better in New Mexico than in most states."

Budget: $181,884.1 **FTE: 786**

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Percent of preschoolers (19-35 months) who are indicated as being fully immunized	63%	65%	65%	66%	G
Percent of funded school-based health centers that demonstrate improvement in their primary care or behavioral healthcare quality improvement focus area	50%	73%	95%	91%	R
Percent of children in Healthy Kids Healthy Communities with increased opportunities for healthy eating in public elementary schools	98%	98%	89%	99%	G
Percent of female clients ages 15-19 seen in public health offices who are provided moderately or most effective contraceptives	86%	88%	63%	86%	G
Percent of New Mexico adult cigarette smokers who access cessation services	2.6%	1.9%	2.6%	1.9%	R
Number of successful overdose reversals of clients enrolled in the Harm Reduction Program	3,444	2,572	2,750	3,420	G
Program Rating	Y	R			Y

*Measure is classified as explanatory and does not have a target.

Epidemiology and Response

The Epidemiology and Response Program (ERD), also plays a key role in the state's response to the pandemic through case investigations and contact tracing.

Additionally, ERD tracked all the data for the state's Covid-19 response used to inform decisions about protecting the public, vaccine effectiveness, and health equity issues. The program did not meet a majority of performance targets. ERD did not report if most pharmacies in the state are continuing to dispense naloxone, an important tool for substance use treatment and support in the state. DOH also reported the decline in cities and counties with access and functional needs (AFN) plans was largely a result of local emergency managers who were primarily focused on vaccine distribution efforts.

Some data noted as "not reported" are a result of surveillance system timelines that could not meet the annual report deadline. DOH hopes to submit the data at a later date.

Budget: $118,065.7 **FTE: 341**

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Percent of death certificates completed by Bureau of Vital Records and Health Statistics within 10 days of death	61%	50%	64%	50%	R
Average time to provide birth certificate to customer	NA	3 days	5 days	5 days	G
Number of youth who have completed an evidence-based or evidence-supported sexual assault primary prevention program	13,051	3,112	7,000	6,733	R
Rate of drug overdose deaths per 100,000 population*	30.4	39.7	N/A	Not Reported	R
Percent of New Mexico hospitals certified for stroke care	14%	19%	24%	20%	R
Percent of retail pharmacies that dispense naloxone	95%	88%	85%	Not Reported	R
Percent of opioid patients also prescribed benzodiazepines	11%	10.5%	5%	Not reported	R
Rate of alcohol-related deaths per 100,000 populations*	73.8	86.6	N/A	Not reported	R
Rate of persons receiving alcohol screening and brief intervention services	62.7	52.2	69.1	Not reported	R
Rate of suicide per 100,000 population*	24.1	24.2	N/A	Not reported	R
Percent of cities and counties with access and functional needs plans that help prepare vulnerable populations for a public health emergency	5%	65%	33%	33%	G
Number of community members trained in anevidence-based suicide prevention program	1,030	618	225	853	G
Percent of hospitals with emergency department based self-harm secondary prevention program	2.5%	2.5%	7%	5%	R
Percent of cities and counties with access and functional needs plans that help prepare vulnerable populations for a public health emergency	5%	60%	35%	35%	G
Program Rating	Y	R			R

*Measure is classified as explanatory and does not have a target.

Facilities Management

The global pandemic has affected the intake and capacity of the Facilities Management Program (FMD), which provides services for behavioral healthcare for adults and adolescents, addictions treatment services, long-term care, and transitional living services. Many of the state facilities with declining occupancy will also experience significant operational funding strains if they are unable to reverse the trend. To increase census, the program is developing a needs assessment at the facilities level to determine how to safely open more beds, which provided recommendations, such as developing recruitment and retention campaigns and case mix, to ensure admitted patients will not require immediate increased staffing. At the close of FY22, the facilities statewide census was 52 percent of total beds. Additionally, the program has continued to report not meeting targeted performance of third-party revenue collections, vital to FMD's financial stability.

Budget: $167,287.2 **FTE: 1,930**

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Percent of eligible third-party revenue collected at all agency facilities	81%	92%	95%	92%	R
Number of significant medication errors per 100 patients	0.2	0.6	2	0.2	G
Percent of in-house acquired pressure ulcers for long-term care residents within long stays	N/A	N/A	2%	8%	R
Percent of beds occupied	N/A	58%	75%	52%	R
Percent of adolescent residents who successfully complete program	77%	82%	90%	58%	R
Percent of long-term care residents experiencing one or more falls with major injury	5.3%	4%	3.5%	3.9%	Y
Percent of patients educated on medication assisted treatment option while receiving medical detox services	NA	NA	90%	89%	Y
Percent of medication assisted treatment inductions conducted or conducted after referrals on alcohol use disorders	NA	NA	65%	83%	G
Number of Narcan kits distributed or prescribed	NA	231	180	258	G
Percent of medical detox occupancy at Turquoise Lodge Hospital	68%	70%	75%	69%	R
Program Rating	Y	R			Y

Scientific Laboratory

The Scientific Laboratory Division (SLD), which provides a wide variety of laboratory services and programs that support the citizen and other agencies in New Mexico, met targeted performance for FY22 and would like to add additional quarterly performance measures. The SLD Toxicology staff analyze samples for blood alcohol concentration and drugs to determine cause of impairment in drivers, as well as support the Office of the Medical Investigator by testing samples for carboxyhemoglobin. The Chemistry Bureau staff analyzes water samples for contaminants in drinking water, including forever chemicals and lead. The Biological Sciences Bureau staff analyzes human and environmental samples that could pose a risk of outbreaks in our state and nationwide.

In April 2022, U.S. Magistrate Judge John F. Robbenhaar granted the state's motion to dismiss the *Jackson* lawsuit. Filed in 1987, the *Jackson* litigation centered on significant deficiencies at a pair of since-closed state-run institutions for intellectually and developmentally disabled New Mexicans. Attorney fees and associated costs for the state have topped $80 million over the course of the litigation. DOH and the plaintiffs reached a settlement agreement in 2019.

Budget: $174,908.1 **FTE: 188**

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Percent of blood alcohol tests from driving-while-intoxicated cases that are completed and reported to law enforcement within 30 calendar days	91%	98%	90%	98%	G
Percent of environmental samples for chemical contamination that are completed and reported to the submitting agency within 60 business days	91%	97%	90%	93%	G
Percent of public health threat samples for communicable diseases and other threatening illnesses that are completed and reported to the submitting agency within published turnaround times	97%	98%	90%	98%	G
Program Rating	Y	R			G

Developmental Disabilities Supports

DOH reported an increase in the number of individuals receiving services in the Developmental Disabilities (DD) and Mi Via Medicaid waivers programs. The number of individuals on the waiting list is decreasing as the program continues the plan to eliminate the wait list. Of the individuals on the waiting list, 501 have placed their allocation on hold, meaning these individuals were offered waiver services and have chosen to continue on the waiting list for now. In addition to the provider rate, which will increase in FY23, DD waiver providers statewide recently received a one-time payment of $136 million. This payment is part of the federal plan for "super allocation"; DD providers will receive temporary Covid-19 economic recovery payments, which will boost provider rates over three years starting at 15 percent in year one and scaling down to 10 percent in year two and 5 percent in year three.

Budget: $14,825.2 **FTE: 190**

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Number of individuals on the Developmental Disabilities Waiver waiting list*	4,743	4,669	N/A	2,610	
Number of individuals receiving Developmental Disability Waiver services*	4,934	5,111	N/A	5,416	
Number of individuals receiving developmental disability supports waiver services*	N/A	70	N/A	220	
Percent of Developmental Disabilities Waiver applicants who have a service plan and budget within 90 days of income and clinical eligibility	96%	97%	95%	96%	G
Percent of adults of working age (22 to 64 years), served on the DD Waiver (traditional or Mi Via) who receive employment supports	28%	18%	27%	9.8%	R
Percent of Developmental Disabilities Waiver providers in compliance with General Events timely reporting requirements (two-day rule)	87%	83%	86%	85%	Y
Program Rating	Y	R			G

*Measure is classified as explanatory and does not have a target.

Health Certification Licensing and Oversight

The Health Certification, Licensing, and Oversight Program met a majority of performance measures targets for FY22. The program did not report on the rate of re-abuse for individuals on the Developmental Disabilities and Mi Via waivers, a key indicator for safety.

Budget: $14,371.1 **FTE: 182**

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Rate of abuse for Developmental Disability Waiver and Mi Via waiver clients*	12.8%	5.5%	N/A	8%	
Rate of re-abuse for Developmental Disabilities Waiver and Mi Via Waiver clients*	8.5%	6.1%	N/A	Not Reported	
Percent of abuse, neglect, and exploitation investigations completed within required timeframes	82%	96%	86%	95%	G
Percent of acute and critical care health facility survey statement of deficiencies (CMS form 2567/ state form) distributed to the facility within 10 days of survey exit	75%	71%	85%	63%	R

Budget: $14,371.1 **FTE: 182**

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Percent of nursing home citations upheld as valid when reviewed by the Centers for Medicare and Medicaid Services and through informal dispute resolution	86%	90%	90%	90%	G
Percent of investigations assigned to IMB initiated within required timelines	90%	94%	86%	95%	G
The number of caregiver criminal history screening appeal clearance recidivism/re-offense (conviction) after a successful appeal	0	6	12	0	G
Percent of acute and continuing care health facility survey statement of deficiencies distributed to the facility within 10 days of survey exit	82%	82%	85%	86%	G
Program Rating	Y	R			G

Aging and Long-Term Services Department

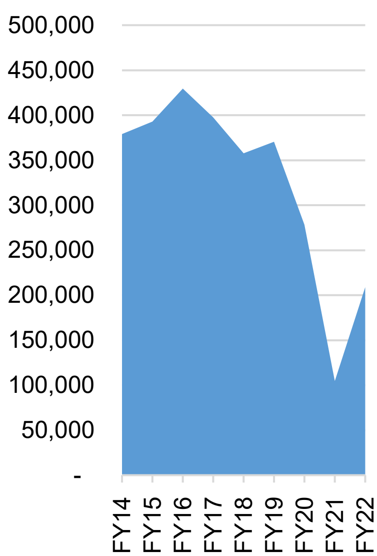
ACTION PLAN	
Submitted by agency?	Yes
Timeline assigned by agency?	Yes
Responsibility assigned?	Yes

The Aging and Long-Term Services Department (ALTSD) continued to miss a significant portion of its targets in FY22. The department's mission is to serve older adults and adults with disabilities so that they can remain active, age with dignity, be protected from abuse, neglect, and exploitation, and have equal access to healthcare.

Comsumer and Elder Rights

During FY21, the Aging and Disability Resource Center (ADRC) began answering calls with a live operator again. During the fourth quarter of FY22, ADRC received 6,899 calls, an average of 110 per day, on trend with the close of FY21 but lower than prepandemic levels. During FY22, ADRC operated with an average of 5 FTE to answer calls live, half of the budgeted FTE for this purpose. The department reported consistent turnover contributed to high vacancies and low performance. Additionally, the program is exploring an upgrade to the call system to alleviate abandoned calls, allowing immediate call backs instead of calls going to voicemail. The top topics for which people contact the ADRC include assistance with Medicaid, Medicare, senior centers, and Covid-19.

Caregiver Support Hours Provided



Source: ALTSD

Budget: $5,000.7 **FTE: 48**

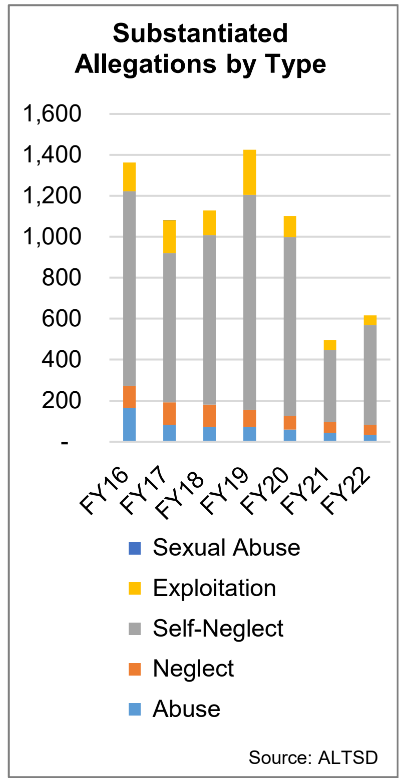
	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Percent of calls to the Aging and Disability Resource Center that are answered by a live operator	55%	44%	90%	52%	R
Percent of residents who remained in the community six months following a nursing home care transition	82%	84%	90%	86%	R
Percent of individuals provided short-term assistance that accessed services within 30 days of a referral from options counseling	N/A	99%	80%	81%	G
Percent of facilities visited monthly	N/A	18%	40%	32%	R
Percent of ombudsman complaints resolved within sixty days	100%	93%	97%	99%	G
Program Rating	R	Y			Y

Adult Protective Services

The Adult Protective Services Program (APS) began reporting on repeat maltreatment substantiations within six months of a previous substantiation of abuse or neglect in FY21. This performance measure assists the state in assessing the effectiveness of the program in preventing maltreatment. In the fourth quarter of FY22, the program continued to report no instances of repeat maltreatment. Additionally, the program reported an increase in the number of investigations but did not meet targeted performance. The program met the performance target for priority investigations, making face-to-face contact quickly. APS plans to increase outreach events. Previously, the department was providing outreach through virtual platforms, but it is now returning to a regionally based outreach approach.

Number of Adult Protective Services investigations of abuse, neglect, or exploitation	5,494	4,355	6,150	5,550	R
Percent of emergency or priority one investigations in which a caseworker makes initial face-to-face contact with the alleged victim within prescribed timeframes	99%	99%	99%	99%	G

Percent of repeat abuse, neglect, or exploitation cases within six months of a substantiation of an investigation	N/A	3.7%	5%	0%	G
Number of outreach presentations conducted in the community within adult protective services' jurisdiction	205	132	141	180	G
Percent of contractor referrals in which services were implemented within two weeks of the initial referral	80%	64%	99%	60%	R
Number of referrals made to and enrollments in home care and adult daycare services as a result of an investigation of abuse, neglect, or exploitation.	N/A	89	600	238	R
Percent of priority two investigations in which a caseworker makes initial face to face contact with the alleged victim within prescribed timeframes	95%	99%	95%	98%	G
Program Rating	R	Y			Y

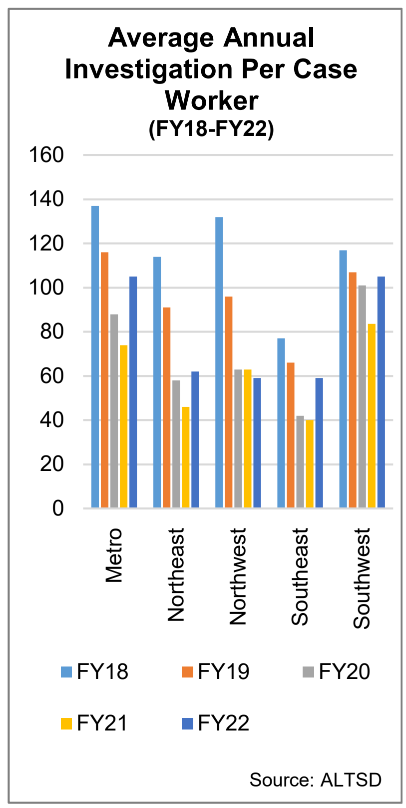


Aging Network

The Aging Network did not meet targeted performance for the hours of caregiver support for FY22 and continues to fall below prepandemic levels. Services included in this measure are home care, adult daycare, respite care, and counseling and support groups. These services are provided by area agencies on aging, contract providers, and the New Mexico chapter of the Alzheimer's Association. The agency reported the Covid-19 pandemic and executive emergency declarations closed adult daycare centers, and the remaining services were affected by the stay-at-home and social-distancing orders. The department reported the number of hours of caregiver support were 17,503 hours of respite care, 11,862 of adult daycare, 15,355 hours of homemakers, and 5,458 hours of other support services. Additionally, the department and the Area Agency on Aging are developing a plan to establish Medicaid funded adult daycare and other services. This could significantly increase both funding resources and services availability of adult daycare services by senior centers statewide.

Budget: $43,415.5 **FTE: 15**

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Percent of older New Mexicans receiving congregate and home-delivered meals through Aging Network programs who are assessed with "high" nutritional risk	N/A	16%	15%	15%	G
Number of hours of services provided by senior volunteers, statewide	957,031	607,258	1,700,000	733,910	R
Number of outreach events and activities to identify, contact, and provide information about aging network services to potential aging network consumers who may be eligible to access senior services but are not currently accessing those services	N/A	1,135	50	802	G
Number of meals served in congregate and home-delivered meal settings	N/A	5,141,387	4,410,000	4,443,066	G
Number of transportation units provided	N/A	68,180	637,000	136,426	R
Number of hours of caregiver support provided	278,513	104,730	444,000	167,701	R
Program Rating	Y	R			Y



Corrections Department

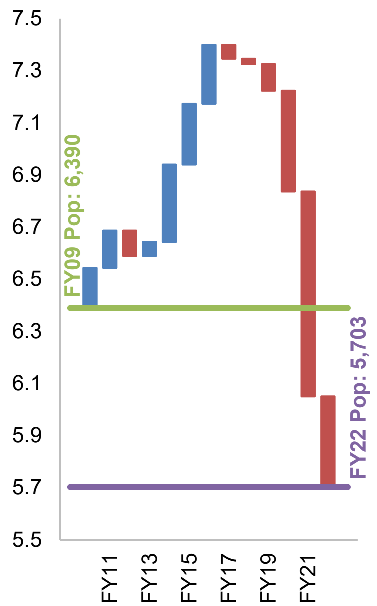
ACTION PLAN

Submitted by agency?	Yes
Timeline assigned by agency?	No
Responsibility assigned?	No

Over the course of FY22, the Corrections Department (NMCD) continued to see the inmate population fall, while reporting improvements in several areas, including overall offender recidivism. Correctional officer vacancies remain high, impacting the distribution of inmates among prison facilities. Errors in the agency's prior reporting and continued issues with reporting results in accordance with LFC and DFA direction create difficulties in analyzing some areas of NMCD's performance.

Population trends and admissions data suggest inmate population may be stabilizing after falling almost every month for over three years. The total prison population averaged 5,703 in FY22, down 5.7 percent from FY21 and 22.9 percent lower than the population high in FY16. Although the average number of people incarcerated in New Mexico's prisons fell between FY21 and FY22, changes in population trends are usually offset from changes in admission trends due to sentence length. Admissions to prison in FY22 increased for the first time since FY15, rising 2 percent compared with FY21. A total of 2,409 people were admitted to prison over the course of the year, including 2,076 men and 333 women. This increase was driven by new convictions, which rose 11 percent compared with FY21 and made up 60 percent of total admissions compared with 55 percent in FY21.

Change in Prison Population
FY09 to FY22
(in thousands)



Source: Sentencing Commission

Inmate Management and Control

Recidivism. The overall three-year recidivism rate of offenders released from NMCD's custody decreased 7 percentage points between FY21 and FY22, with the fourth quarter marking the sixth consecutive quarter of improvement in this crucial area. Recidivism due to new offenses remained relatively stable between FY21 and FY22, while recidivism due to technical parole violations fell 6 percentage points over the same period. Reduced recidivism aligns with the reduction in prison admissions due to parole revocations, which fell 13 percent in FY22 compared with FY21, and went from comprising 41 percent of total admissions in FY21 to 35 percent in FY22.

Improved recidivism rates may reflect improved reentry programming, but other factors upstream in the criminal justice system, such as arrests, could also impact recidivism. Despite meeting the target for overall recidivism, the measure's rating remains yellow due to a lack of historical data with which to compare current results (see Data Quality Concerns on page 131).

Staffing. Public and private correctional officer vacancies remain high, at 29 percent and 32 percent, respectively, for FY22. The Penitentiary of New Mexico (PNM) drives public correctional officer vacancies, with an average of about 100 correctional officer positions unfilled during the course of FY22. As of June 1, 111 correctional officer positions at PNM were vacant.

Guadalupe County Correctional Facility (GCCF) in Santa Rosa and Northeast New Mexico Correctional Facility (NENMCF) in Clayton continue to operate at half capacity due to vacancies among custody staff. Last spring, high vacancies among correctional officers at GCCF prompted NMCD to reduce the inmate population at that facility to less than half its capacity. As vacancy rates among

Population Projection

The Sentencing Commission's July 2022 prison population projection anticipates total prison populations will average 5,513 over the course of FY23, a 3.3 percent drop from FY22's average population of 5,703. This reduction is due to a projected drop in the men's population; the population of women is projected to fall an average of 1.1 percent between FY22 and FY23, but the commission anticipates female prison populations will rise over FY23.

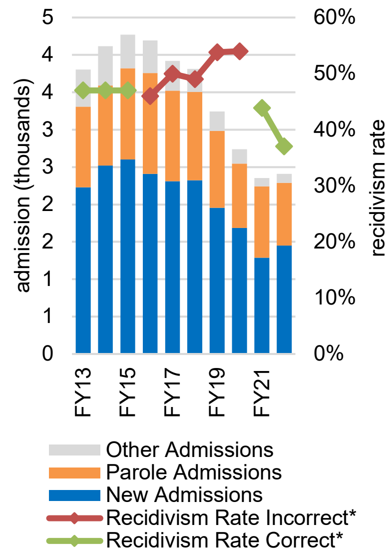
correctional officers at NENMCF began to increase significantly this fall, the agency similarly reduced the population housed at that facility to under half capacity. While GCCF has seen improvements in vacancies over the past six months, with rates falling from 58 percent in December to 53 percent in June, NENMCF has seen a significant increase in vacancies over the course of the year, rising from 33 percent in July to 49 percent in June. As of August 31, GCCF housed 240 inmates (40 percent of its 600-bed capacity) and NENMCF housed 277 inmates (44 percent of its 628-bed capacity).

Central New Mexico Correctional Facility (CNMCF) in Los Lunas and Southern New Mexico Correctional Facility (SNMCF) in Las Cruces had the lowest vacancies this year, averaging 22 percent over the course of FY22. CNMCF's low vacancy rate is a result of the transfer of 93 vacant positions to GCCF and Western New Mexico Correctional Facility – South when NMCD took over operations of those facilities in November, and CNMCF employed 28 fewer officers in June than at the beginning of FY22. Due to its location, SNMCF has generally not struggled with vacancies to the same degree as other facilities, although, notably, it lost a net 27 officers over the course of the year.

In-House Parole. NMCD's reporting on release-eligible inmates imprisoned past their release dates (those serving "in-house parole") continues to not comply with guidance from DFA and LFC (see Data Quality Concerns, below). The number of in-house parolees decreased by an estimated 8 percent between FY21 and FY22, but the second half of FY22 saw significant increases, with an average of approximately 92 in-house parolees in the fourth quarter. These levels have since decreased, from 96 on July 15 to 76 on August 31.

Health. Drug use among inmates rose significantly in FY22 compared with FY21, with the positivity rate of randomly administered drug tests averaging 3.2 percent. This reverses three years of reduced drug use, with test positivity rates falling from 3.9 percent in FY18 to 2 percent in FY21. However, the positivity rate did see a significant drop in the fourth quarter of FY22, with just 1.7 percent of inmates testing positive, a rate more in line with FY21.

Prison Admissions and Recidivism Rates



*NMCD has reported overall recidivism was calculated incorrectly between FY16 and FY20 but has not provided corrected numbers (see Data Quality Concerns, below).

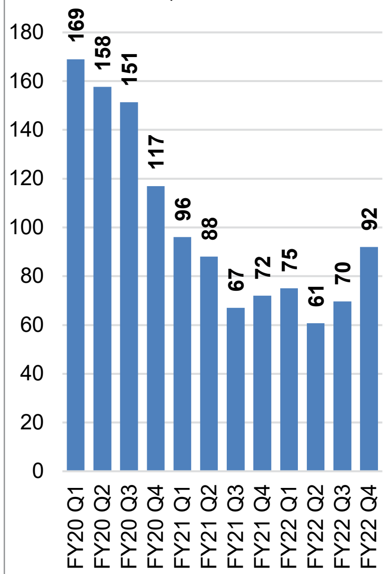
Source: NMCD, Sentencing Commission,

Data Quality Concerns

A number of issues in NMCD's quarterly reporting lead to concerns regarding overall data quality in the reports that have been outstanding for several months. Specific issues are outlined below.

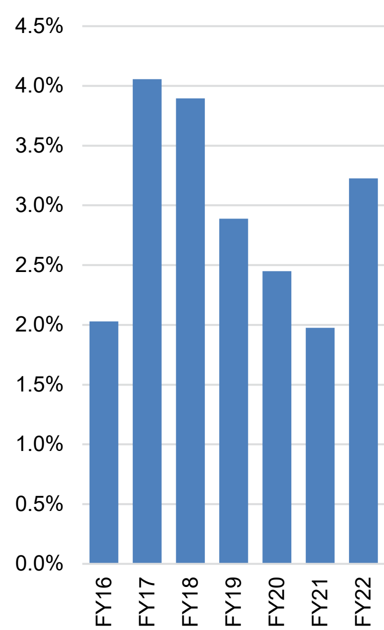
Measure	Issue
Prisoners reincarcerated within 36 months	In the first quarter of FY21, NMCD reported its overall three-year recidivism rate had been reported incorrectly since 2016 due to a database error that erroneously counted all intakes to the parole system as prison admissions for purposes of calculating reincarceration rates. The agency has corrected this issue, but because it has not provided corrected historical data on this measure, it is unclear if FY21's recidivism results represent an increase or decrease from previous years. NMCD reports it is working on recalculating annual results for its three-year recidivism rate measure but has not yet provided results.
Release-eligible male and female inmates still incarcerated past their scheduled release date	NMCD reported this measure had previously been miscalculated and changed the calculation for FY21 but did not provide corrected historical reports. LFC and DFA analysts believe NMCD's altered calculation is incorrect (the original calculation is correct), but NMCD has not revised its reports for FY21 or FY22 despite explicit guidance to do so.
Prisoners reincarcerated within 36 months due to technical parole violations	In August 2021, NMCD reported several prior years' performance reports had excluded absconders when calculating recidivism rates for technical parole violations, although the measure is defined to include absconders. The department included absconders in its FY21 reports but had not informed LFC of this change. As a result, it is not possible to compare FY21's 30 percent recidivism rate for technical violations to prior years' performance, and it is not clear if this is an increase or decrease.

Estimated Number of Release-Eligible Inmates Incarcerated Past Release Date by Quarter



Source: NMCD, LFC files

Inmate Drug Test Positivity Rate



Source: NMCD

In FY22, NMCD treated 649 inmates for hepatitis C, with a treatment success rate of at least 80 percent, bringing the total number of inmates treated since the agency began its concentrated effort to eliminate the disease from prisons to 929, about 30 percent of the total infected population housed in New Mexico's prisons. The department has expended $15.3 million of the total $22 million appropriated for this purpose, as well as $5.2 million from its operating budget. During the 2022 legislative session, the special appropriation was extended through FY23. Based on current treatment rates, it may be necessary to extend the appropriation for an additional one to two years to fully complete the project.

As of September 1, there were no active Covid-19 cases reported in New Mexico's prisons. Overall, the agency reported a total of 4,104 positive cases, 4,030 recoveries, and 29 deaths over the course of the pandemic. However, as these numbers have not changed in the past three months, it is not clear if inmates have continued to be tested for Covid-19. The largest number of positive cases were at Lea County Correctional Facility, the facility with the largest prison population, while 12 of the 29 deaths were at CNMCF, which houses inmates in need of serious and long-term medical care.

Budget: $297,755.7 **FTE:** 1,941

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Recidivism					
Prisoners reincarcerated within 36 months[1]	54%	44%	42%	37%	Y
Prisoners reincarcerated within 36 months due to new charges or pending charges	12%	14%	15%	14%	G
Sex offenders reincarcerated on a new sex offense conviction within 36 months of release on the previous sex offense conviction	2%	6%	3%	1%	G
Residential drug abuse program graduates reincarcerated within 36 months of release*	21%	22%	N/A	22%	
Prison Violence					
Inmate-on-inmate assaults resulting in injury requiring off-site medical treatment	31	6	15	4	G
Inmate-on-staff assaults resulting in injury requiring off-site medical treatment.	7	3	0	4	R
In-House Parole					
Release-eligible female inmates still incarcerated past their scheduled release date[2]	7.7%	0.6%	6%	1.3%	R
Release-eligible male inmates still incarcerated past their scheduled release date[1]	6.4%	1.4%	6%	1.4%	Y
Staffing					
Vacancy rate of correctional officers in public facilities	31%	27%	20%	29%	R
Vacancy rate of correctional officers in private facilities	46%	25%	20%	32%	R
Education					
Eligible inmates enrolled in educational, cognitive, vocational and college programs	62%	41%	68%	45%	R
Participating inmates who have completed adult basic education*[3]	77%	9.7%	N/A	7.7%	
Percent of eligible inmates who earn a high school equivalency credential[3]	77%	9.7%	80%	7.7%	R

Budget: $297,755.7 **FTE:** 1,941

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Number of inmates who earn a high school equivalency credential	134	118	150	82	R
Health					
Standard healthcare requirements met by medical contract vendor	87%	90%	100%	95%	Y
Random monthly drug tests administered to at least 10 percent of the inmate population that tests positive for drug use*	2.5%	2%	N/A	3.2%	
Program Rating	R	R			R

*Measure is classified as explanatory and does not have a target.
1. Measure's yellow ranking reflects outstanding reporting issues; see Data Quality Concern on page 131.
2. Measure's red rating reflects performance compared with FY21 and outstanding reporting issues; see Data Quality Concerns on page 133.
3. NMCD reported this measure had previously been miscalculated and changed the calculation for FY21 but did not provide corrected historical reports. Previously, both measures were calculated as the pass rate of the high school equivalency (HSE) test; now, both are reported as the percent of inmates enrolled in adult basic education who pass the HSE test and, therefore, earn the credential.

Education and Programming

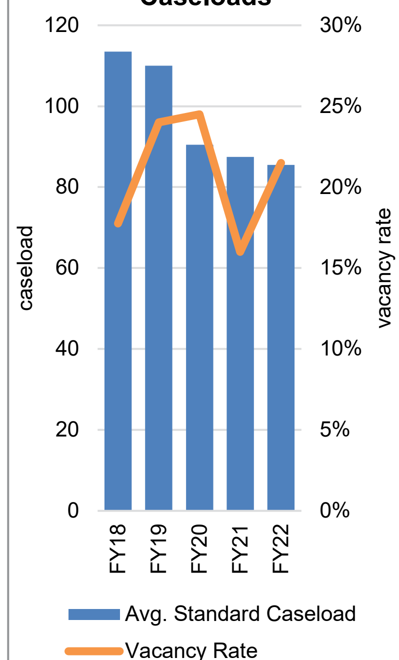
Inmate participation in educational, cognitive, vocational, and college programs fell well below the target in FY22. The number of inmates who earned a high school equivalency certificate dropped 31 percent compared with FY21, which may reflect a lagging effect of reduced instructional time during the pandemic.

Community Offender Management

Staffing. Vacancy rates among probation and parole officers averaged 22 percent over the course of FY22, with the fourth quarter representing the sixth quarter in a row in which NMCD has reported an increase in vacancies for these positions. Although vacancies have risen 6 percentage points compared with FY21, they have not yet reached the 25 percent average vacancy rate in FY20. Still, these data suggest the dramatic improvement in vacancies in FY21 (over which vacancy rates averaged 16 percent) may be reversing. The agency attributes rising vacancies to retirements and attrition to other law enforcement agencies that offer significantly higher salaries, such as the Albuquerque Police Department and federal law enforcement agencies.

Recovery Academies. In FY22, recidivism at both the men's and women's recovery academies showed significant improvement over FY21, with the men's recidivism rate falling 10 percentage points and the women's falling 9 percentage points, and both measures achieved their targets. However, a sharp increase at the women's academy in the fourth quarter is notable and concerning, with recidivism almost doubling between the third and fourth quarters, from 15 percent to 29 percent. This comes after four consecutive quarters of improvement, which NMCD credited to the initiation of new, evidence-based programs, including trauma-informed programming specifically intended for women.

Probation and Parole Vacancies and Caseloads



Source: NMCD

Budget: $41,576.0 **FTE:** 378

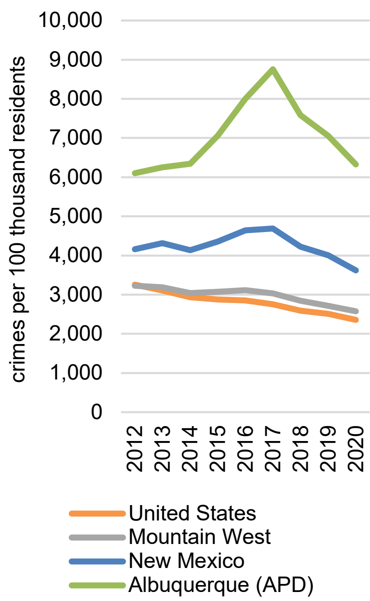
	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Prisoners reincarcerated within 36 months due to technical parole violations[1]	13%	30%	15%	24%	R
Graduates from the women's recovery center who are reincarcerated within 36 months	25%	27%	20%	18%	G
Graduates from the men's recovery center who are reincarcerated within 36 months	23%	28%	20%	18%	G
Average standard caseload per probation and parole officer	91	88	100	86	G
Contacts per month made with high-risk offenders in the community	96%	94%	97%	97%	G
Vacancy rate of probation and parole officers	25%	16%	20%	22%	R
Program Rating	R	R			Y

1. Measure has outstanding reporting issues; see Data Quality Concerns on page 131.

Department of Public Safety

ACTION PLAN	
Submitted by agency?	Yes
Timeline assigned by agency?	No
Responsibility assigned?	No

New Mexico and Albuquerque Crime Rates vs. Regional and National Trends



Source: FBI, U.S. Census Bureau

State Police FY22 Statistics

88% homicide clearance rate

6,804 cases investigated

1,494 felony arrests

3,992 misdemeanor arrests

108 crime scenes investigated

329 stolen vehicles recovered

Albuquerque drives New Mexico's high violent crime rates, making up almost half the state's violent crimes despite comprising only about a quarter of the state's population. Concerns over crime in Albuquerque were a focus of the 2022 legislative session, with data from the Albuquerque Police Department (APD) indicating increases in violent crime in 2021, including a record number of homicides.

New Mexico's policymakers are often forced to make decisions without the benefit of timely data on statewide crime trends. The Department of Public Safety (DPS) is in the midst of a multi-year transition to the new National Incident-Based Reporting System (NIBRS), which should allow it to provide more timely and comprehensive data. However, in July, 51 of 115 law enforcement agencies were not reporting to NIBRS, including the two largest agencies in the state, APD and the New Mexico State Police (NMSP). Delays in DPS's implementation of a new records management system create further delays in NMSP's reporting.

Law Enforcement

Operations. In FY22, NMSP conducted 22 percent more DWI checkpoints than in FY21, and although the agency fell slightly short of its target, it saw improved results as DWI arrests rose 14 percent compared with last year. This aligns with preliminary data from the Department of Transportation showing alcohol-involved traffic fatalities are up about 18 percent compared with FY21. However, enforcement and arrests are not always clearly correlated; for example, in the fourth quarter of FY22, saturation patrols increased 32 percent compared with the third quarter, but DWI arrests fell 32 percent. Notably, DWI arrests have fallen substantially over the past five years, with arrests in FY22 down 44 percent compared with FY18.

State police arrests fell 7 percent overall in FY22, with misdemeanor arrests down 17 percent and felonies down 26 percent; however, 14 percent of total arrests were not classified as either felony or misdemeanor at the time of reporting.

DPS substantially exceeded its target for the number of commercial vehicle safety inspections conducted in FY22, with 35 percent more inspections completed this year than in FY21. State police issued 17.7 thousand commercial motor vehicle citations in FY22, about 17 percent of the total number of inspections conducted, in line with the average of 19 percent between FY18 and FY21.

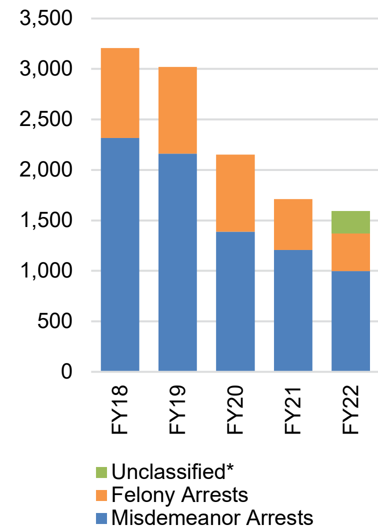
Manpower. DPS reported the state police force comprised a total of 636 commissioned state police officers at the close of FY22, a vacancy rate of about 12 percent. In the fourth quarter, 30 officers graduated from recruit and lateral schools, increasing the force by a net of 18 officers compared with the third quarter. NMSP force strength averaged 635 over the course of FY22, its lowest levels since prior to FY16 and 5 percent lower than FY21.

The 2022 General Appropriation Act provided $2 million for NMSP to expand its recruit and lateral schools beginning in FY23, which will be necessary to combat unusually large retirement rates. A record 46 officers retired in FY22, more than double the retirements in FY21 and 140 percent more than the average 19 retirements between FY16 and FY21.

The Legislature also made significant investments to retain high-quality law enforcement officers, including almost $9 million to provide pay increases to NMSP officers. Overall, state police officers, sergeants, lieutenants, and captains received 15 percent raises while majors and deputy chiefs received 14 percent raises in July. Eligible officers, sergeants, and lieutenants also received one-step increases. In June, DPS also used its vacancy savings to provide $1,700 one-time retention stipends to all officers.

DPS and the Legislature have also targeted high vacancy rates among dispatchers and transportation inspectors, providing pay increases for these positions in FY21 and FY22. Vacancy rates among transportation inspectors fell from almost 30 percent in FY20 and FY21 to about 11 percent in FY22. However, vacancies among dispatchers rose significantly despite these pay increases, from about 25 percent in FY21 to 37 percent in FY22. For FY23, the Legislature provided funds for 19.5 percent pay increases for transportation inspectors and 18.4 percent increases for dispatchers, which the department implemented in July.

Average Quarterly NMSP Arrests
FY18 to FY22



*Due to a change in reporting methodology, some arrests not initially classified as felony or misdemeanor are reported as unclassified.

Source: DPS

Budget: $130,229.2 **FTE:** 1,093.3

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
DWI checkpoints conducted	123	231	150	188	G
DWI saturation patrols conducted	1,933	2,290	3,000	2,805	Y
Commercial motor vehicle safety inspections conducted	68,378	76,269	90,000	102,972	G
Misdemeanor and felony arrests*	New	6,844	N/A	6,375	
DWI arrests*	1,647	1,272	N/A	1,450	
Commissioned state police officer vacancy rate*	New	8.7%	N/A	12.1%	
Commissioned state police officer turnover rate*	New	6.44	N/A	10.87	
Graduation rate of the New Mexico State Police recruit school*	New	71%	N/A	53.6%	
Program Rating	G	Y			G

*Measure is classified as explanatory and does not have a target.

Statewide Law Enforcement Support

Forensic Laboratory. During the course of FY22, the forensic laboratory completed analysis on 31 percent more cases than in FY21, while the total number of cases received for analysis fell 2 percent. Overall, the laboratory's outstanding case backlog fell by almost 2,000 cases, or 29 percent, between the end of FY21 and FY22, to almost 4,900 cases outstanding at the close of FY22. The reduction in backlog was largely driven by the Chemistry Unit, which received 2 percent fewer cases in FY22 than in FY21 and completed 39 percent more. This unit filled one of its vacant positions in May. Additionally, the Latent Print Unit has almost eliminated its backlog, with just seven cases outstanding at the end of FY22. This unit filled one of its two vacant positions in March.

The Firearm and Toolmark Unit received 40 percent fewer cases in the fourth quarter of FY22 than in the third, allowing it to reduce its case backlog. Although

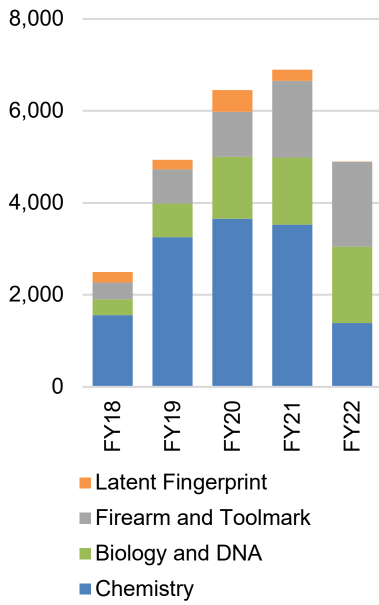
State Police Force Strength

Fiscal Year	Recruit and Lateral Officer Hires	Total Force Strength*
FY18	60	665
FY19	47	662
FY20	52	674
FY21	22	656
FY22	46	636

*Reflects force strength at the close of the fiscal year.

Source: Department of Public Safety

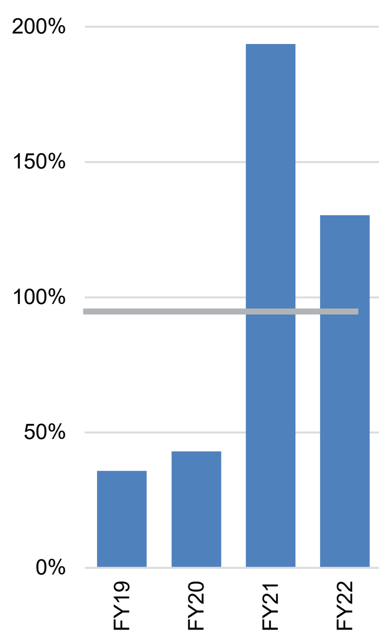
Forensic Laboratory Backlog



*Note: Backlog is as of the close of the fiscal year for FY18 - FY22.

Source: DPS, LFC files

Percent of Complaint Cases Adjudicated



Source: DPS

it did not reach its target for FY22, the unit completed 90 percent more cases than it did in FY21. The unit is now fully staffed, and one of its staff members will be beginning to work independently in the first quarter of FY23. The Biology Unit completed 2 percent more cases in FY22 than in FY21; however, the unit received 8 percent more cases and completed 88 percent of cases it received this year.

Department of Public Safety
FY22 Q4 Forensic Cases Received and Completed

Unit	Cases Received	Cases Completed	Completion Rate	Pending Cases	Scientist/ Technician Vacancy Rate
Firearm and Toolmark	175	219	125%	1,844	0%
Latent Print	86	96	112%	7	17%
Chemistry	1,230	1,495	122%	1,387	28%
Biology	477	427	90%	1,659	27%

Source: DPS, State Personnel Office organizational listing report

The vacancy rate among forensic scientists and technicians rose about 2 percentage points in FY22 compared with FY21, with an overall vacancy rate averaging 25 percent. While vacancies have historically impacted the laboratory's productivity, turnover also significantly affects case completions because new scientists may require extensive training before they can be as productive as more experienced staff. Retention is, therefore, a high priority for the laboratory. Almost $600 thousand in recurring general fund appropriations in the GAA support reducing laboratory backlogs by adding support staff and increasing forensic scientist and technician compensation. The agency plans to add higher level forensic scientist positions, providing more options for career advancement among laboratory staff and improving retention.

Law Enforcement Academy Board. After carrying a backlog of complaint cases in FY19 and FY20, in FY21 and FY22 the Law Enforcement Academy Board began cutting down on this backlog, and at the close of FY22, 44 cases were outstanding. Although it did not meet in the third quarter, the board met twice in June to adjudicate misconduct cases. Significant changes to law enforcement officer training and certification are set to take place in FY24 under legislation passed during the 2022 session.

Budget: $22,253.2 **FTE:** 161.0

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Forensic firearm and toolmark cases completed	80%	37%	100%	81%	Y
Forensic latent fingerprint cases completed	65%	150%	100%	155%	G
Forensic chemistry cases completed	93%	103%	100%	146%	G
Forensic biology and DNA cases completed	73%	93%	100%	88%	Y
Forensic scientist and forensic technician vacancy rate*	New	22.9%	N/A	25%	
Complaint cases reviewed and adjudicated by the New Mexico Law Enforcement Academy Board* [1]	43%	194%	N/A	130%	
Program Rating	Y	G			G

*Measure is classified as explanatory and does not have a target.
1. LFC, DFA, and DPS agreed to change the methodology for calculating this measure in FY22 Q2 and recalculated historical data displayed here using the same methodology.

Courts and Judicial Agencies

All criminal justice partners saw a significant decrease in cases in FY20 due to the Covid-19 pandemic, and although advocates and agencies feared continued decreases in FY21 would bring a sharp increase in "backlogged" cases, jury trials and caseloads for public defenders and prosecution attorneys remained low throughout FY22.

Since the district attorneys and the Public Defender Department (PDD) joined the Administrative Office of the Courts (AOC) in a comprehensive report card format, the unequal reporting of data across the criminal justice system has become apparent. District attorneys lack critical performance measurements and have not provided action plans where outcomes are poor. PDD has improved dramatically in the quality and consistency of reporting for in-house attorneys but continues to struggle with contract attorney reporting and outcomes.

Courts

Administrative Support. In FY22, the judiciary maintained a "clearance rate" above 100 percent, indicating courts are working to clear dockets more quickly than cases pile up. However, New Mexico courts continue to lag in providing timely justice, a key aspect of a functional judicial system, with the average time to disposition for criminal cases in district courts at 259 days and the average age of pending cases at 524 days (the highest in three years) in FY22. Magistrate and metropolitan courts performed better than district courts for days to disposition in criminal cases, bringing the combined average below the target.

The average cost per juror rose, and while jury trails increased slightly year over year, courts still held only 60 percent of the trials held prepandemic in FY22. More than two years after the start of the public health emergency, the judiciary must better manage the cost of holding in-person trials in compliance with internal public health policies. The average interpreter cost per session remains below the target, but agency analysts warn the figure may be artificially low due to the continued low number of court hearings.

Budget: $15,305.2 **FTE:** 49.25

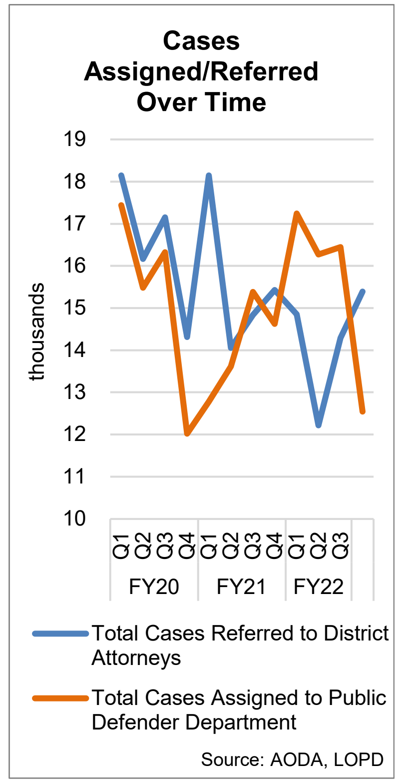
	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Average cost per juror	$49.2	$54.8	$55.0	$56.4	G
Number of jury trials for metro, district, and statewide courts*	216	517	N/A	574	
Average interpreter cost per session	$117.1	$63.4	$150.0	$64.1	G
Age of active pending criminal cases for district, magistrate, and metropolitan courts, in days	NEW	364	180	524	R
Days to disposition in criminal cases in district and magistrate courts	NEW	207	180	145	Y
Cases disposed as a percent of cases filed	123%	135%	100%	101%	G
Program Rating	Y	Y			Y

*Measure is classified as explanatory and does not have a target.

Special Court Services. The Legislature has prioritized treatment courts in the last five years, and AOC reported specialty court outcomes quarterly for the first

ACTION PLAN

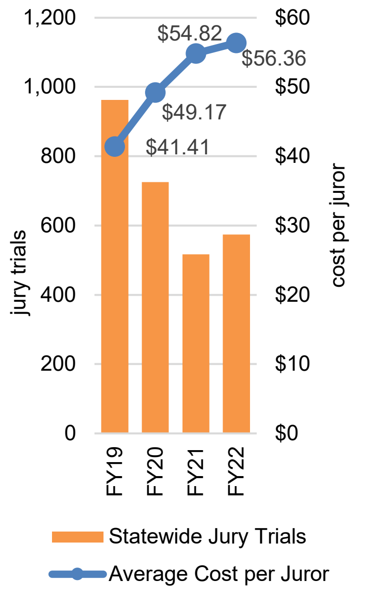
Submitted by agency?	PDD only
Timeline assigned by agency?	No
Responsibility assigned?	No



Warrants

AOC reports 206.3 thousand active warrants related to 185.5 thousand defendants as of September 6, with the number of defendants with outstanding warrants equal to almost 9 percent of the state's total population. The majority of these outstanding warrants are for failure to appear (40.2 percent) or bench warrants (40.1 percent), while almost 10 percent of warrants are nonarrestable parking warrants. Of the active warrants, almost 27 percent were issued at least 20 years ago, with the oldest active warrant over 50 years old.

Statewide Jury Trials and Average Cost Per Juror



Source: AOC

time in several years, in part due to new drug court reporting software funded by the Legislature. The agency also voluntarily reported enrollment in drug and DWI court programs, with 496 defendants referred to the programs in FY22, compared with 328 in FY21. Even with increased enrollment, cost per client for drug court participants continued to increase in FY22.

Budget: $12,061.5 **FTE:** 32

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Cases to which CASA volunteers are assigned*	280	2,430	N/A	1,448	
Monthly supervised child visitations and exchanges conducted	951	11,211	N/A	12,012	G
Average time to completed disposition in abuse and neglect cases, in days.*	124	161	N/A	148	
Recidivism rate for drug-court participant	18.0%	10.4%	12.0%	14%	Y
Recidivism rate for DWI-court participants	7.0%	7.6%	10.0%	6.1%	G
Graduation rate for drug-court participants*	59.3%	61.0%	N/A	59.2%	R
Graduation rate for DWI-court participants*	80.0%	79.0%	N/A	89.5%	G
Cost per client per day for all drug-court participants*	$25.4	$28.8	N/A	$37.10	
Program Rating	Y	R			G

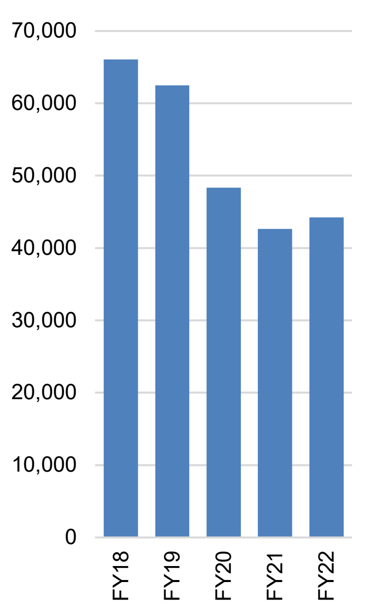
*Measure is classified as explanatory and does not have a target.

Statewide Judiciary Automation. AOC began reporting on new measures for the first quarter of FY20 to better gauge the success of the Statewide Judiciary Automation Program. Previous targets, which measured call times in hours regardless of difficulty, were unattainable; however, AOC has surpassed the target (now measured in days) two consecutive years, indicating a need to adjust the target.

Budget: $11,564.3 **FTE:** 12

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Average time to resolve calls for assistance, in days	0.6	0.5	5	.02	G
Program Rating	G	G			G

Cases Prosecuted All Districts



Source: AODA

District Attorneys

Performance measures for district attorneys' offices that examine elements of the agencies' work outside of prosecution, such as pretrial detention motions and referrals to alternative sentencing treatments, are reported inconsistently by different agencies, making it difficult to track these important metrics related to criminal justice reform implementation.

Attorney workload for nearly every district continues to fall below prepandemic levels, and no single prosecution office had an average new caseload at or above the FY22 target of 170 cases per attorney with the exception of the 11th, Division II, which faces persistent attorney vacancies. However, the Administrative Office of the District Attorneys reports many offices face constraints due to an insufficient number of attorneys.

The General Appropriations Act of 2022 provides funding to provide targeted increases for all attorneys employed by district attorneys' offices, including 3.5

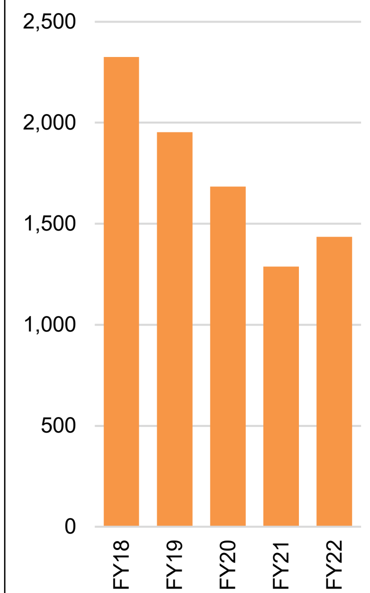
percent for attorneys in urban areas and 6.5 percent for those in rural areas. These increases are not mandated and are in addition to the 7 percent statewide employee compensation package.

Budget: $188,605.5 **FTE:** 305

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Average cases added to attorney caseload	264	205	170	92	G
Number of cases referred for screening*	66,499	73,386	N/A	59,063	
1st District	4,985	4,731	N/A	4,105	
2nd District	21,806	19,039	N/A	16,434	
3rd District	5,244	4,365	N/A	5,174	
4th District	1,734	1,812	N/A	1,914	
5th District	7,163	6,584	N/A	6,147	
6th District	2,621	2,610	N/A	2,593	
7th District	1,747	1,654	N/A	1,796	
8th District	1,758	1,544	N/A	1,683	
9th District	2,840	2,513	N/A	2,412	
10th District	670	661	N/A	683	
11th District Division I	5,128	4,955	N/A	5,133	
11th District Division II	2,279	2,327	N/A	2,172	
12th District	2,850	2,459	N/A	2,678	
13th District	5,647	5,836	N/A	6,139	
Average cases referred into pre-prosecution diversion programs*	97	73	N/A	77	
Program Rating	Y	R			G

*Measure is classified as explanatory and does not have a target.

Prison Admissions for New Convictions



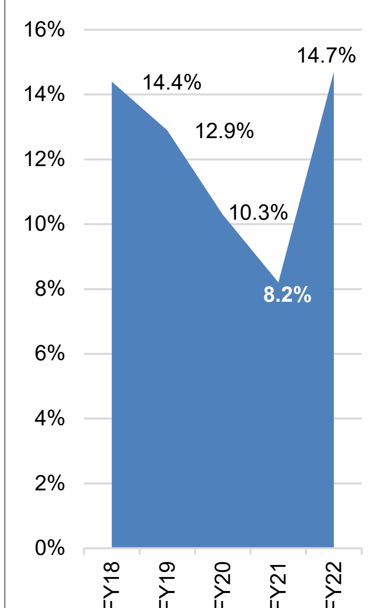
Source: Sentencing Commission

Public Defender

Like other criminal justice partners, the Public Defender Department (PDD) has difficulties recruiting and retaining legal professionals in rural areas. PDD implemented geographical pay differentials and expanded recruitment tactics (a strategy the district attorneys have since adopted), which decreased the agency's historically high vacancy rate and reduced attorney caseloads. However, labor constraints felt by much of the state throughout the pandemic once again brought vacancy rates to double digits in FY22. The department reports losing a total of 65 attorneys in FY22, which it attributes to increased workloads, low pay, and competition within state agencies as courts and district attorney offices ramp up hiring efforts.

The FY23 budget provides a 9.5 percent recurring increase for PDD, which includes $200 thousand for targeted compensation increases and $415 thousand to increase pay for rural contract attorneys. The department will need to revamp recruitment initiatives to retain existing attorneys and recruit new staff the Legislature funded for FY23.

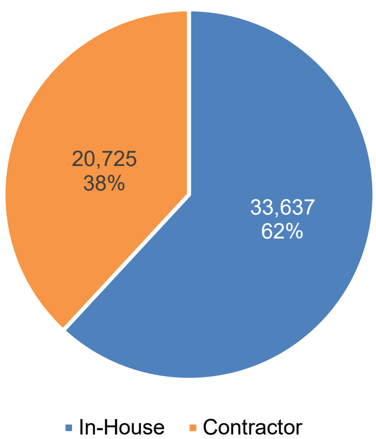
PDD Vacancy Rate Over Time



Source: PDD

PDD did not meet the target for total reduced charges in felony, misdemeanor, and juvenile cases. According to the agency, this is largely due to the dramatic change in how the criminal justice system operated during the Covid-19 pandemic, during

FY22 PDD Cases Opened



Source: PDD

which limited in-person contact decreased the ability of attorneys to effectively communicate with clients and increased the likelihood that defendants accepted unfavorable plea deals for fear of contracting the virus in detention.

PDD currently does not require contract attorneys to regularly close cases in the case management system, likely resulting in underreporting. This may contribute to poor outcomes for contract attorneys, but the agency also notes low base rates result in attorneys dedicating limited time to cases, also leading to poor outcomes. PDD began a pilot program in 2019 to compensate contract attorneys hourly on designated cases, receiving additional funds in the 2020 legislative session and flexibility to use funds for the same purpose. Many of the early pilot cases have been resolved (with just three outstanding cases likely to resolve in FY23), and should provide data linking the compensation rate for contract attorneys and case outcomes. This data will be critical to the agency, because 18 counties with no public defender office rely solely on contract attorneys.

Budget: $55,488 **FTE:** 439

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Felony, misdemeanor, and juvenile cases resulting in a reduction of original formally filed charges	63%	48%	70%	44%	R
In-house attorneys	78%	51%	70%	45%	R
Contract attorneys	21%	40%	70%	41%	R
Felony, misdemeanor, and juvenile cases resulting in alternative sentencing treatment	8,003	6,312	5,000	7,090	G
In-house attorneys	6,956	4,570	4,000	5,333	G
Contract attorneys	1,047	1,742	1,000	1,837	G
Cases assigned to contract attorneys*	35%	36%	N/A	34%	
Average time to disposition for felonies, in days*	269	295	N/A	336	
In-house attorneys*	247	270	N/A	308	
Contract attorneys*	290	320	N/A	363	
Cases opened by Public Defender Department *	61,294	56,403	N/A	54,362	
In-house attorneys*	40,074	35,993	N/A	33,637	
Contract attorneys*	21,220	20,410	N/A	20,725	
Program Rating	G	G			Y

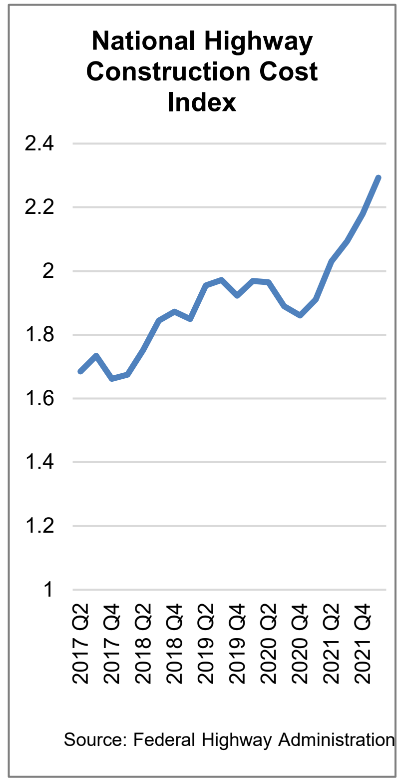
*Measure is classified as explanatory and does not have a target.

In recent years, the Legislature has made significant nonrecurring appropriations to the Department of Transportation (NMDOT) for road construction and maintenance in response to deteriorating road conditions as pavements age and maintenance funding is insufficient to maintain or improve the condition of the transportation network. NMDOT has done well managing projects as illustrated in the department's consistent ability to complete projects on-time and on-budget.

ACTION PLAN	
Submitted by agency?	Yes
Timeline assigned by agency?	No
Responsibility assigned?	No

Project Design and Construction

To judge the performance of the department's project planning and execution, measures covering the ability of the department to plan and complete projects on-time and within budget are tracked. The department has significantly improved its ability to put projects out to bid as scheduled. Including re-bid projects, NMDOT scheduled 11 projects for bid in the fourth quarter; 10 projects were put out to bid, although three projects received no bids, which is not reflected in department statistics. The department put out to bid 39 projects in FY22, for a year-end total of 98 percent of projects bid as scheduled, improving significantly from prior-year performance. Although construction costs continue to climb, cost overruns remain below the target of 3 percent; with construction projects closing in the third quarter over budget by $3.4 million.



On-time project completions recovered in the fourth quarter, with all 10 projects completed on time, up from 77 percent in the third quarter. The year-end result of 91 percent meets performance goals, but global supply chain issues and increases in the number of construction projects generally may continue pose operational challenges for the department in FY23.

Budget: $613,837.9 **FTE: 368**

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Projects put out for bid as scheduled	75%	77%	67%	98%	G
Projects completed according to schedule	92%	94%	88%	91%	G
Final cost-over-bid amount on highway construction projects	1%	1.8%	3.0%	1.2%	G
Program Rating	G	G			G

*Measure is classified as explanatory and does not have a target.

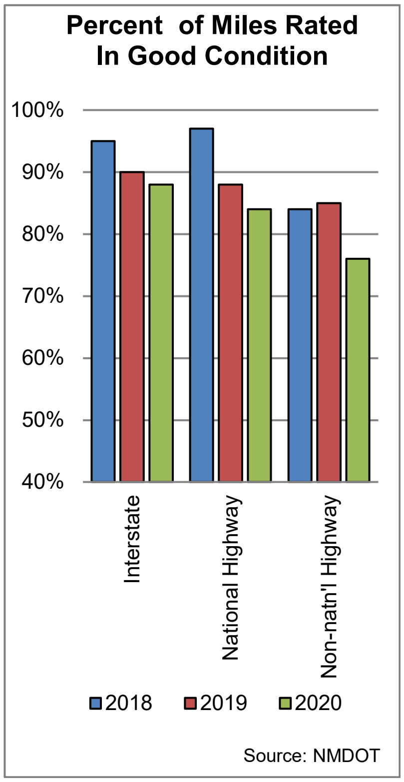
Highway Operations

For FY22, the department substantially surpassed the FY22 target for roadway preservation. Overall, the number of bridges rated in poor condition remains below target; in future years the department will have access to additional federal and state funds to remediate the 4 percent of bridges currently listed in poor condition.

Economic data shows construction costs increasing significantly in 2021, including road construction costs. Preliminary data from the Federal Highway Administration shows a 10.9 percent year-over-year increase in road construction costs nationally.

Budget: $277,882.6 **FTE: 1,829.7**

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Statewide pavement miles preserved	3,970	3,852	3,000	4,373	G
Bridges in fair condition or better, based on deck area	96%	96%	90%	96%	G
Program Rating	G	G			G



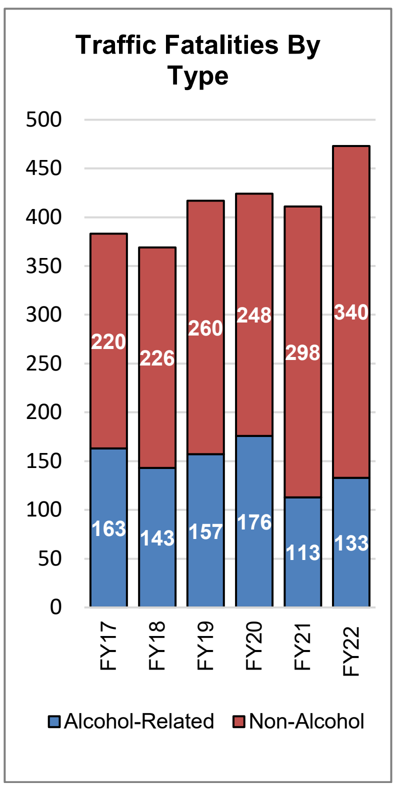
NMDOT assesses all New Mexico roads each calendar year using a pavement condition rating (PCR) score to measure roadway condition. For calendar year 2021, road condition data show New Mexico roadways improved significantly from the prior year, well over 90 percent of the state's lane miles in fair or better condition. The number of lane miles rated in poor condition fell from 6,805 to 1,451. In 2021, the average PCR score for the state was 72.1, up from 54.9 the prior year.

NMDOT partially credits the significant improvement in road conditions with an improvement in its data report system. However the department has also received signficatnt funding to improve road conditions. Since 2019, the department has received nearly $1 billion in general fund appropriations for improvements to state roads.

2021 Road Condition Survey	2018 Actual	2019 Actual	2020 Actual	2020 Target	2021 Actual	Rating
Interstate miles rated fair or better	95%	90%	88%	>91%	97%	G
National highway system miles rated fair or better	97%	88%	84%	>86%	97%	G
Non-national highway system miles rated fair or better	84%	85%	76%	>75%	94%	G
Lane miles in poor condition	3,783	4,420	6,805	<6,925	1,451	G
Program Rating	G	G	Y			G

Modal

Nationwide, traffic fatalities have increased, with federal data indicating more traffic fatalities in 2021 than in any year since 2005. NMDOT data reflects this increase. Total fatalities surpassed levels seen in FY20 and FY21, 30 percent over the target amount. Alcohol-related fatalities surpassed the target by a lower rate and remain below FY20 levels. Pedestrian fatalities and unbelted fatalities remain persistently high. Recently, NMDOT began a public awareness campaign in a effort to reduce pedestrian fatalities



The state's Park and Ride program continues to lag prior ridership levels, with fourth quarter ridership of 29.6 thousand, still roughly half the fourth quarter ridership from 2019 and less than half of the target level. However, year-over-year ridership nearly doubled, from 16.3 thousand in FY21. Improvements in New Mexico Rail Runner ridership has been higher, driven by 75 percent fare discounts and record high gas prices. The train saw ridership of 104.2 thousand in the fourth quarter, or about 74 percent of FY19 levels.

Budget: $77,875.2 **FTE:** 126

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Traffic fatalities	424	411	<357	464	R
Alcohol-related traffic fatalities	176	113	<125	133	Y
Non-alcohol-related traffic fatalities	248	298	<232	340	R
Occupants not wearing seatbelts in traffic fatalities	158	171	<133	190	R
Pedestrian fatalities	83	76	<72	105	R
Riders on park and ride, in thousands	175	53.6	235	100.4	R
Riders on rail runner, in thousands*	516	40.9	N/A	317.2	
Program Rating	R	R			R

*Measure is classified as explanatory and does not have a target.

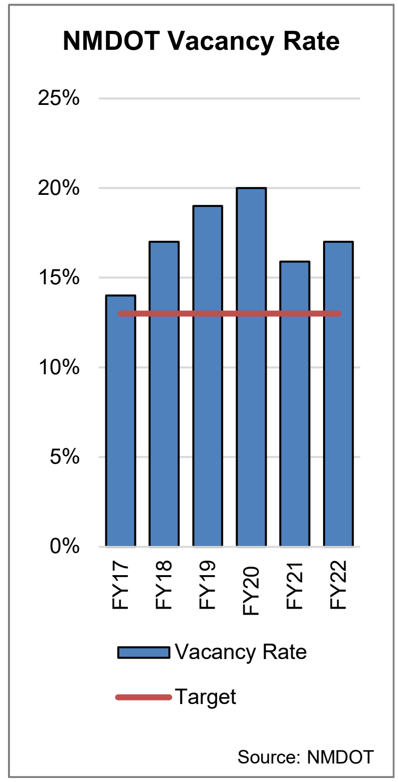
Program Support

The department notes continued difficulty in recruiting employees due to the tight job market and strong private sector competition for engineers and other qualified professional. However, the department continues to maintain a vacancy rate lower than the overall rate for state government. Additionally, the department recently began a recruitment campaign to lower vacancy rates and improve service levels. Department efforts to related to employee safety have minimized injuries. Although incidents remain at roughly half of the target, there was a slight uptick in reported injuries versus FY21. The increase could be related to higher exposure as maintenance and construction activity picks up.

Budget: $43,856.7 **FTE: 252.8**

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Vacancy rate in all programs	20.4%	15.9%	13.0%	17%	Y
Employee injuries	54	35	90	45	G
Percent of invoices paid within 30 days	93%	93%	90%	93%	G
Employee injuries occurring in work zones	13	11	35	17	G
Program Rating	G	G			G

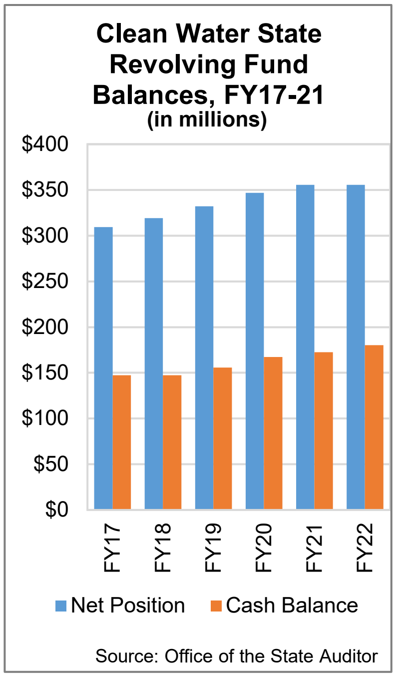
*Measure is classified as explanatory and does not have a target.



Environment Department

ACTION PLAN

Submitted by agency?	Yes
Timeline assigned by agency?	No
Responsibility assigned?	Yes



Through the clean water state revolving fund (CWSRF), local communities secure affordable financing for a wide range of projects. Communities benefit from CWSRF loans to finance essential wastewater, stormwater, and solid waste projects at interest rates between 0 percent and 1 percent and loan terms up to 30 years. These construction projects add revenue to local economies and improve quality of life through effective environmental infrastructure.

Source: Office of the State Auditor

The performance of the Environment Department (NMED) continues to be mixed, with most below-target performance results associated with low inspection rates. The agency reported working with the State Personnel Office (SPO) to reclassify positions to improve vacancy rates and reorganize some bureaus to better serve the agency's objectives. NMED was able to significantly reduce the time to fill new and vacant positions from over 200 days on average to as little as seven days after a mission-critical position became vacant. NMED invested $31.6 million in communities for water infrastructure, drinking water testing, technical trainings, scientific and engineering consultation, field sampling and analysis, abandoned site clean-up, and other services to the public and stakeholders. In FY22, NMED staff conducted 8,916 compliance inspections and collected $2.4 million in civil penalties that were reverted to the general fund. NMED continues to make progress toward achieving its performance goals despite personnel challenges and contends additional state resource investments will be necessary to continue these positive trends.

Water Protection

Drinking Water. More than 1.7 million New Mexicans, or 91 percent, received drinking water that met all health-based standards in the fourth quarter of FY22. This data is based on NMED's sampling of 570 community water systems. Starting this year, NMED changed which data is used to calculate this measure to include all uncorrected violations rather than only new ones identified. This reduced the reported performance on this measure from prior fiscal years.
The Drinking Water Bureau is restructuring to maximize resources and actively recruiting for 18 vacant positions. Understaffing is causing delays in compliance determinations and violation notices. The agency expects to hire additional staff with increased funding from the drinking water state revolving loan program and set-aside grants from the federal Infrastructure Investment and Jobs Act.

Surface and Groundwater Inspections. The Surface Water Quality Bureau (SWQB) completed 31 annual inspections, exceeding the 20 in their FY22 target. Because inspections can span across quarters due to the length of time between an inspection opening and closing, and the 30-day time period between the close of the inspection and the completion of the inspection report, the reported number does not include inspection reports in progress as of June 30, 2022. To report meaningfully on this performance measure, NMED would need to either assume authorization from the U.S. Environmental Protection Agency to implement the National Pollutant Discharge Elimination System Program or develop a state surface water discharge permitting program. In support of this, SWQB initiated the process to create three new positions funded through a one-time appropriation from the Legislature of $190 thousand that will be filled in FY23.

The number of groundwater permittees increased again in the fourth quarter to 605, and the Ground Water Quality Bureau conducted 46 inspections. Inspections typically occur at sites requiring immediate attention due to complaints, failures, or other causes outside normal operations. To optimize resources, staff make additional inspections of nearby systems to increase efficiency in travel planning and time in the field. Nine of the bureau's 28 inspector positions are vacant, and program staff are working with SPO on reclassifications to make positions more competitive.

Water Infrastructure. The new measure (new water infrastructure projects) reports the number of funding agreements executed each quarter for drinking water, wastewater, and stormwater infrastructure projects supported by capital outlay funding, the clean water state revolving fund (CWSRF), or the Rural Infrastructure Program. These projects are managed by NMED's Construction Programs Bureau (CPB) and improve ground-water and surface-water quality and increase access to reliable and safe drinking water across New Mexico. In the fourth quarter, CPB executed six new funding agreements and disbursed $10.1 million to communities, bringing total water infrastructure investments for FY22 to $31.1 million.

PFAS

In June 2022, the U.S. Environmental Protection Agency (EPA) released new acceptable exposure limits for two common per- and polyfluoroalkyl substances (PFAS), lowering the limit from the previous 70 parts per trillion to just 0.002 and 0.04 parts per trillion—less than a thousandth of the previous level. EPA is expected to move forward with proposing a PFAS national drinking water regulation in fall 2022. To date, NMED estimates the state has spent over $6 million to protect communities from PFAS contamination.

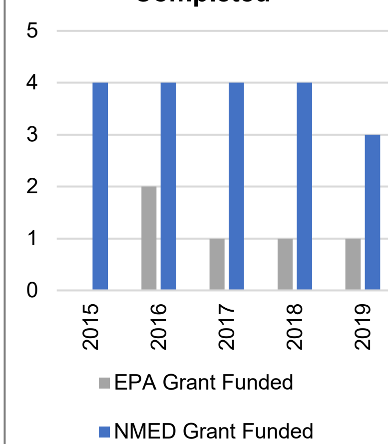
Budget: $30,576.4 **FTE:** 184.3

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Percent of the population served safe and healthy drinking water	97%	97%	92%	91%	Y
Surface water permittees inspected	NEW	NEW	10%	39%	G
Groundwater permittees inspected	47%	19%	65%	21.1%	R
New water infrastructure projects	NEW	NEW	75	114	G
Program Rating	Y	G			Y

Resource Protection

The Petroleum Storage Tank Bureau (PTSB) reports the cumulative number of cleanups, not the actual cleanups that take place each quarter. A petroleum storage tank release site is granted no further action (NFA) status only once the soil and groundwater have met all applicable state standards. This does not reflect the ongoing work to clean up sites to achieve NFA status. In FY22, NMED completed cleanups at 20 of the 892 remaining sites with leaking storage tanks. The Solid Waste Bureau (SWB) inspected six solid waste or medical facilities this quarter, or 13 percent of the 45 active, permitted facilities, which led to missing the annual target. SWB maintained two vacancies this quarter. They are actively filling one, and the other is being reclassified to a higher level. This will create a new career ladder the agency hopes will improve this bureau's historically high turnover rate. The Hazardous Waste Bureau's inspection performance in FY22 doubled the target. The Resource Protection Division's performance goals were consolidated and clarified in FY22, resulting in fewer, but more meaningful measures.

Brownfield Cleanups Completed



A brownfield is a property that the expanxion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant, contaminant.

Source: Envirnmental Council of the States Results Projects

Budget: $16,651. 1 **FTE:** 142.3

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Total	Rating
Completed cleanups of petroleum storage tank release sites that require no further action*	NEW	NEW	1,938	1,964	G
Solid and infectious waste management facilities inspected	NEW	NEW	85%	47%	R
Hazardous waste facilities inspected	NEW	NEW	2%	4%	G
Program Rating	Y	G			Y

*Measure is classified as explanatory and does not have a target.

Environmental Protection

The Environmental Protection Division inspected 2.5 percent of X-ray machine registrants and radioactive material licensees this quarter out of 1,752 registrants and licensees in total. The agency reports additional funding is needed to sufficiently train and equip staff to perform inspections, but a budget increase for the Radiation Control Bureau was not requested in FY22 or FY23. In the Air Quality Bureau, NMED reports vacancies continue to hamper inspections but a reorganization that will hopefully improve recruitment and retention is in process.

Nonrecurring Appropriations to NMED
2021 Special and Regular Sessions

River Stewardships Program	$11.5 million
Eastern New Mexico Rural Water System	$10 million
Emerging contaminants initiatives	$525 thousand
Interstate ozone pollution	$450 thousand
Superfund and uranium mine site cleanup	$400 thousand
Radiation Control Bureau	$300 thousand
Surface water discharge permitting program	$250 thousand

Budget: $28,466.1 **FTE:** 281.6

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Total	Rating
Ionizing and nonionizing radiation sources inspected	NEW	NEW	85%	12.56%	R
Air emitting sources inspected	NEW	NEW	50%	20.49%	R
Percent of the population breathing air meeting federal health standards	NEW	NEW	95%	98.4%	G
Program Rating	G	G			Y

Environmental Health

The Environmental Health Division did not close any inspections with violations in the fourth quarter. However, overall results for FY22 show the Occupational Health and Safety Bureau found violations in 54 of 85 inspections. The Food Safety Bureau (FSB) achieved the target percentage for restaurant and food manufacturer inspections despite vacant positions in rural locations. However, FSB was unable to conduct desired in-person reinspections of noncompliant facilities and was instead reliant on the receipt of written responses from operators. The Onsite Wastewater Program nearly achieved the target percentage for inspections in FY22, despite vacant positions throughout the state. Continued staffing challenges in rural locations throughout the state and increases in construction inspection requests may present challenges in meeting these goals during FY23. Wastewater system inspections are critical to maintaining groundwater quality and will continue to be a priority for NMED.

Budget: $28,466.1 **FTE:** 281.5

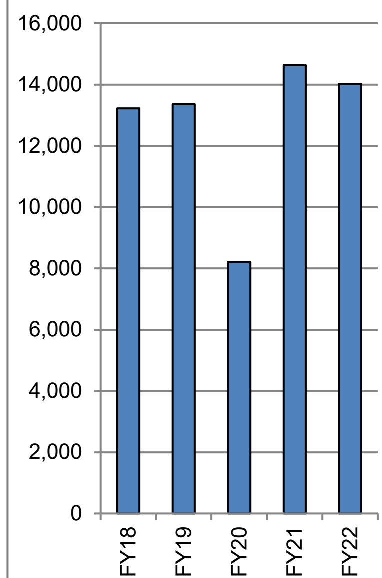
	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Number of employers that did not meet occupational health and safety requirements for at least one standard	NEW	NEW	55%	63.5%	R
Percent of restaurants/food manufacturers inspected	NEW	NEW	80%	90%	G
Percent of new or modified liquid waste systems inspected	NEW	NEW	85%	82%	Y
Program Rating					G

In the Energy, Minerals and Natural Resources Department (EMNRD), the forest and watershed treatment done by the State Forestry Division was forced to wind down earlier than usual due to an early and severe wildfire season. The importance of this work was evident during a recent fire that slowed when it entered a treated forest area. State Park visitation rebounded in the fourth quarter, resulting in an annual total of 5.2 million visitors. The Oil Conservation Division has prioritized high-risk well inspections and severely degraded orphan well sites. OCD exceeded the target for inspections and only fell one well short of its target for the number of orphaned wells properly plugged.

The Legislature made significant investments in forestry work and state parks infrastructure with federal pandemic relief funding and other nonrecurring revenue. Expenditures will continue to be closely monitored in the coming years to ensure the agency is meeting expectations to implement high-impact infrastructure investments, particularly state park repairs and upgrades and natural resource remediation.

ACTION PLAN	
Submitted by agency?	Yes
Timeline assigned by agency?	No
Responsibility assigned?	No

Forest and Watershed Acres Treated
Out of 43 Million Acres



Source: EMNRD

Healthy Forests

The Healthy Forests program, also known as the State Forestry Division (SFD), holds wildland firefighter trainings throughout the state, primarily between October and April. The division saw minimal training activity in the fourth quarter and the final numbers fell short of the FY22 performance goal. Due to the unprecedented early fire season, the division could not host trainings in April and May but expects that nonfederal cooperators will be more interested in wildland training, and numbers will rebound in FY23. SFD plans and implements restoration treatments within the top 500 at-risk watersheds identified in the New Mexico Forest Action Plan. SFD was on course to meet its FY22 performance target as of the third quarter, but work slowed due to the limitations of treating forests during wildfire season. Work is expected to proceed at or above normal pace once fire conditions ease and restrictions are fully retracted.

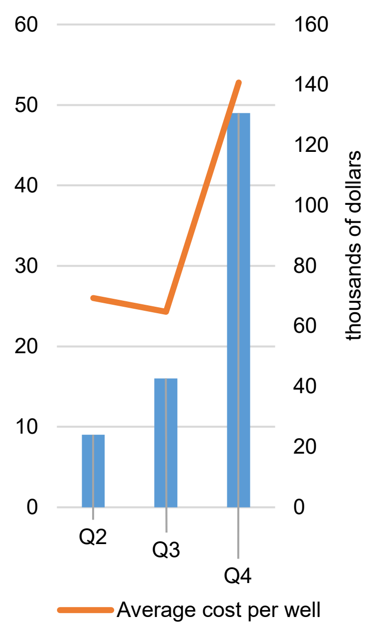
Budget: $16,278.7 **FTE:** 79	FY20 Actual	FY21 Actual	FY22 Target	FY22 Total	Rating
Nonfederal wildland firefighters provided training	1,229	1,229	1,500	883	R
Acres treated in New Mexico's forests and watersheds	8,213	14,637	14,500	14,020	Y
Program Rating	Y	Y			Y

An agreement between EMNRD, New Mexico Highlands University, New Mexico State University, and the University of New Mexico establishes a reforestation center to recover areas burned by severe wildfires. More than 300 million seedlings are needed to fill the current backlog of burned areas, and the agreement sets a goal of producing 5 million seedlings per year. The partners will expand the seed collection program, prepare seed storage facilities, and conduct a feasibility study of sites to locate the new nursery, research, and training center. The collaboration will result in production and planting of trees resilient to a warmer and drier climate.

State Parks

Despite wildfires around the state that had resulted in park closures and restrictions, the State Park Division saw a significant rebound in visitation numbers in the fourth quarter. Revenue per visitor is higher than previous years. The State Parks Division's plan for increasing visitation is to continue normal marketing and outreach programming with a focus on rural markets and leveraging the national reach of the reservation system marketing platform. The division has taken actions to significantly reduce the high FTE vacancy rate and will continue to recruit and retain permanent, temporary employees, and volunteers to ensure state parks are managed safely and effectively to meet and exceed visitor expectations.

Cumulative Number of Wells Plugged
FY22



Source: EMNRD

Budget: $24,173.5 **FTE:** 234.7

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Total	Rating
Number of visitors to state parks, in millions*	3.9	4.4	N/A	5.2	G
Self-generated revenue per visitor, in dollars	1.04	$0.65	$0.94	$1.01	G
Program Rating	Y	Y			G

Mine Reclamation

The Mining Act and the Surface Mining Act require that mines obtain a permit that includes an approved reclamation plan and financial assurance that would allow the state to complete reclamation if the company owning the mine fails to do so. In the fourth quarter of FY22, 65 of the 66 mines managed by the program were in compliance with this requirement.

Budget: $8,120.0 **FTE:** 32

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Total	Rating
Permitted mines with approved reclamation plans and adequate financial assurance posted to cover the cost of reclamation	100%	99%	97.5%	99%	G
Program Rating	G	G			G

Oil and Gas Conservation

The Oil Conservation Division (OCD) met the annual target for oil and gas wells inspected and in compliance through a significant improvement in fourth quarter inspections performed. OCD recently implemented a tiered method of scheduling inspections to better target higher priority inspections, typically more complex and time-consuming than the average inspection. OCD staff approved 74.4 percent of drilling permits within 10 business days in the fourth quarter of FY22, allowing most operators to conduct business without unnecessary delays.

OCD has recently been focusing its well-plugging efforts on a large oil field containing old, poorly maintained orphan well sites that require additional time and resources to remediate. Since 2015, OCD has plugged 234 wells on state and private land. In FY22 OCD has spent $1.6 million in recurring funds, and $1.8 in other state funds on well plugging. OCD secured the services of four rigs and intends to plug more wells using monies from the reclamation fund and a sizeable grant from the federal government. Plugging cost per well have doubled from FY21 to FY22.

OCD has the additional responsibility of overseeing the Carlsbad brine well remediation project, which is not captured in the division's performance measures. The remediation project was expected to be completed in spring 2022. However, depressurization, still under way, has taken longer than originally anticipated. Remaining budget has allowed for postremediation monitoring to occur for the next two years, ensuring site stability.

Budget: $11,221.5 **FTE:** 72

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Total	Rating
Inspections of oil and gas wells and associated facilities showing compliance with permits and regulations	36,852	35,757	31,000	31,154	G

Application to drill permits approved within 10 business days	94.6%	87.6%	95%	88%	Y
Abandoned oil and gas wells properly plugged	36	49	50	49	G
Violations issued*	2,176	3,174	N/A	3,213	
Program Rating	G	Y			Y

*Measure is classified as explanatory and does not have a target.

Renewable Energy and Energy Efficiency

ECMD administers five clean energy tax credit programs for renewable energy production, solar market development, sustainable buildings, agriculture biomass, and biodiesel facilities. In FY22, ECMD received and reviewed 1,286 tax credit applications. The solar market development tax credit has been extremely successful. However, the increased interest in the program has presented an administrative challenge, because there are only two dedicated staff to support the thousands of applicants. 843 applications for the 2015 sustainable building tax credit were reviewed, processed, and approved. Consequently, the program has exceeded the legislative funding allocation for 2024.

The purpose of the Renewable Energy and Energy Efficiency Program, also called the Energy Conservation and Management Division (ECMD), is to develop and implement effective clean energy programs, renewable energy, energy efficiency, and conservation, alternative transportation and fuels, and safe transportation of radioactive waste. ECMD also provides technical assistance and information to the renewable energy industry for ongoing, potential, and proposed projects.

Budget: $3,248.8 **FTE:** 19	FY20 Actual	FY21 Actual	FY22 Target	FY22 Total	Rating
Applications for clean energy tax credits reviewed within 30 days	90%	88%	90%	92%	G
Number of clean energy projects to which the division provided information and technical assistance*	143	226	N/A	350	
Program Rating	G	Y			G

Measure is classified as explanatory and does not have a target.

Nonrecurring Funds Appropriated in Special and Regular Sessions
2021-2022

Purpose	Amount
Forest and watershed treatment, restoration; wildfire readiness	$35 million
State park improvements	$20.5 million
Community energy efficiency development block grant program	$10 million
Orphan well reclamation	$3.5 million
State park expansion	$350 thousand
Vehicle and radio replacements	$250 thousand

Office of the State Engineer

ACTION PLAN

Submitted by agency?	No
Timeline assigned by agency?	No
Responsibility assigned?	No

Publicly Owned Dams in Need of Rehabilitation: 10 Highest Priority Dams

Name	Purpose	Estimated Rehab Cost
Cimarroncito Dam	Water Supply	$16M or more
Fenton Lake Dam	Recreation, Wildlife	$18M or more
Bear Canyon Dam	Irrigation, Recreation	$8M or more
Eagle Nest Dam	Irrigation	$10M or more
Nichols Dam	Water Supply	$5M or more
McClure Dam	Water Supply	$5M or more
Bluewater Dam	Irrigation	TBD
Alto Lake Dam	Water Supply	$10M or more
Lower Vallecito Dam	Irrigation	$7M or more
Lake Maloya Dam	Water Supply	>$30M

The Dam Safety Bureau keeps a list of publicly owned dams that are of sufficient size to be regulated by OSE, have high-hazard potential, have auxiliary spillway capacity less than 70 percent of the regulatory requirement, and are deficient based on safety criteria with a condition rating of unsatisfactory, poor, or fair. According to LFC's most recent quarterly capital outlay report, OSE has $13.9 million in unspent capital outlay funding for dam construction and rehabilitation. Another $10 million for statewide dam rehabilitation was appropriated to OSE during the 2022 legislative session.

Leadership at the Office of the State Engineer (OSE) is working to refocus the agency on big-picture planning and investments that can mitigate the impact of water scarcity on residents and economy. The governor's 50-year water plan prepared by the Interstate Stream Commission (ISC) was available to the public in November 2022. As a result of this report, legislators have indicated they expect the OSE/ISC to take a more active role in water planning and project development, compliance and enforcement than its mission and capacity have allowed to date.

Water Resource Allocation

The Water Resource Allocation Program (WRAP) has an internal goal of keeping the number of backlogged water rights permit applications under 499, which it achieved for the first time this fiscal year. The program met the target for monthly applications processed in the first quarter and fourth quarters but fell one short of the FY22 target. WRAP also had additional workload resulting from drought conditions, numerous cannabis water right validation reviews in support of the Regulation and Licensing Division's producer licensing process, and "agency review" duties for the New Mexico Finance Authority's Water Trust Board, which provides funding for water-related projects.

The purpose of WRAP is to provide for the administration, distribution, protection, conservation, and development of the state's surface water and groundwater resources, including the implementation of active water resource management.

The Dam Safety Bureau's performance measure is related to the number of publicly owned dams with problematic inspection findings. Written notice of a dam's condition, including any deficiencies and potential issues, is a required component of dam safety inspections conducted by the Dam Safety Bureau in WRAP. The State Engineer will work to change this performance measure in the next fiscal year to reflect the services provided by this bureau more accurately. Currently, dam construction project management is not a part of its mission or budget.

Budget: $15,153.5 **FTE:** 171

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Total	Rating
Unprotested and unaggrieved water rights applications backlogged*	502	522	N/A	499	
Unprotested water rights applications processed per month	39	30.5	40	39	Y
Transactions abstracted annually into the water administration resource system database	20,432	24,029	20,000	28,665	G
Notices issued to owners of publicly owned dams notifying them of deficiencies or issues	58	78	45	61	G
Program Rating	Y	Y			G

Interstate Stream Compact Compliance

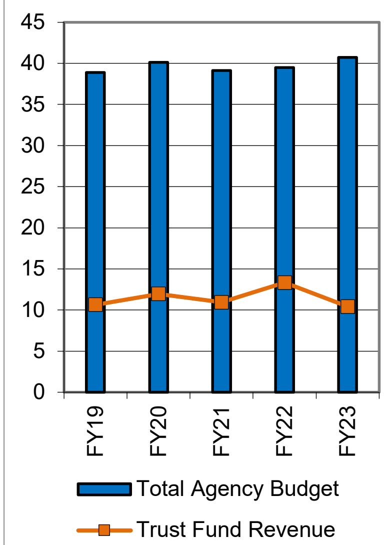
The Pecos River compact report for water year 2021, issued on June 25, 2022, included an annual debit to New Mexico of 4,400 acre-feet, resulting in a cumulative Pecos River Compact credit of 157.2 thousand acre-feet. OSE largely attributes New Mexico's cumulative credit to the state's investments in implementing the 2003 Pecos settlement agreement, such as purchasing water rights and constructing and operating two augmentation wellfields.

New Mexico's Rio Grande compact engineer advisor reports New Mexico under-delivered by approximately 30,800 acre-feet in 2021, resulting in a calculated accrued debit of 127,100 acre-feet for calendar year 2022. The Middle Rio Grande Conservancy District will begin the 2022 irrigation season with no native water in storage and will receive only about 50 percent of a full allocation of San Juan Chama project water due to water supply conditions in the San Juan Basin.

New Mexico's legal and technical teams are optimistic about Rio Grande compact litigation with Texas reaching a settlement while preparing for trial. Attorneys for the parties have been negotiating a settlement and are aiming to complete the deal by September 23. Absent a settlement agreement, the case will likely have a hearing to discuss the mechanics of a trial and set a trial date for early January.

The purpose of the ISC Compliance and Water Development Program is to ensure the state's continued compliance with interstate stream compacts, resolve federal and interstate water issues, develop water resources and stream systems in an environmentally sound manner, and plan for the future use of water to ensure maximum sustained beneficial use of available water resources.

Share of Agency Operating Expenses Supported by Trust Fund Revenue
(in millions)



Source: LFC Files

Budget: $12,037.7 **FTE:** 44

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Total	Rating
Cumulative state-line delivery credit per the Pecos River compact, in thousand acre-feet	166.3	161.6	>0	161.6	G
Cumulative delivery credit per the Rio Grande compact, in thousand acre-feet	-38.8	-96.3	>0	-127.1	R
Cumulative New Mexico unit fund expenditures, in millions*	$20.1	$22.1	N/A	$22	
Program Rating	G	G			Y

Litigation and Adjudication

The two Litigation and Adjudication Program (LAP) measures track progress toward the completion of the adjudication of water rights in New Mexico. The percentage of water rights that have judicial determinations represents the percentage of water rights that have been determined by court orders entered as a share of all water rights adjudication suits to date. The program exceeded its FY22 target despite the lower number of offers made to defendants.

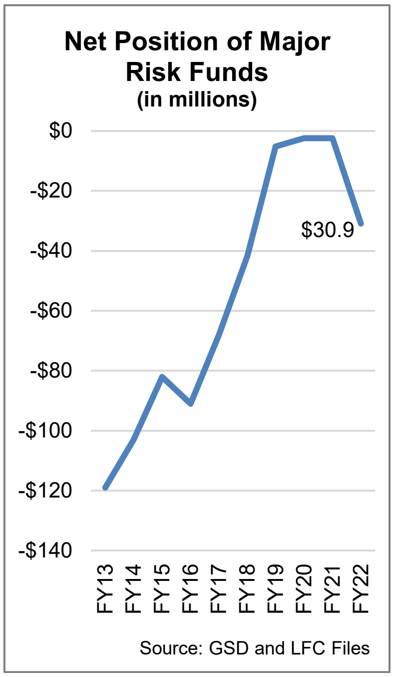
Offers to defendants in adjudications are currently low because activity in the Lower Rio Grande Bureau disproportionately affects the measure; adjudications in other parts of the state are mostly in earlier stages or are correcting existing subfiles rather than initiating new offers. OSE will work to develop a performance measure that will more broadly capture their progress than this current longstanding goal for the next fiscal year.

Budget: $7,201.7 **FTE:** 58

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Total	Rating
Offers to defendants in adjudications	444	381	325	142	R
Water rights that have judicial determinations	76%	76%	74%	77%	G
Program Rating	G	G			Y

General Services Department

ACTION PLAN	
Submitted by agency?	Yes
Timeline assigned by agency?	No
Responsibility assigned?	No



Stay Well Health Center

The department reports fewer state employees are visiting the Stay Well Health Center, a state-funded clinic for members of the state's group health benefits program where members can access treatment for minor illnesses at no cost. The purpose of the center is to reduce health care costs by providing access to routine care internally, rather than through private providers billing the state's insurance system. However, to realize cost savings the program needs to operate at scale. Members designating the center as their primary care provider fell in FY22 to 486 from 535 in FY21..

Operations of the General Services Department (GSD) continue to be affected by the Covid-19 pandemic, from volatility in health insurance claims payments to the ability of the agency to conduct scheduled preventive maintenance at state facilities. Troublingly, the department reports a mounting deficit in the agency's largest program, employee group health benefits. Performance data indicate medical expenses are increasing while premiums have not increased to match expenses to revenues. Under these conditions, the department will be challenged to contain costs in FY23. Improved health benefits performance reporting is vital to provide insight into cost drivers, care quality, and employee satisfaction with the benefits offered.

In some cases the department indicated it is developing improvement action plans; however, the details of the plans are not yet available.

Risk Management Funds

Overall, the financial position of the three funds, determined by dividing current assets by current liabilities, is 78 percent, with projected assets short of projected liabilities by $31 million. In FY21, assets were short of liabilities by only $2 million, but the year-end results represent an improvement in earlier results where assets were short of liabilities by $67 million. The funds remain above the 50 percent target. Changes were driven mostly by the public liability fund, with a reduction in projected assets of $10.7 million and an increase in projected liabilities of $16.4 million versus FY21. The department has said it is developing an improvement action plan for the public liability fund, but deadlines for plan delivery have not been provided

Budget: $100,427.9 **FTE: 0.0**

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Projected financial position of the public property fund*	736%	523%	N/A	443%	G
Projected financial position of the workers' compensation fund*	60%	61%	N/A	60%	G
Projected financial position of the public liability fund*	103%	112%	N/A	66%	Y
Program Rating	G	G			G

*Measure is classified as explanatory and does not have a target.

Group Health Benefits

Despite provisions of state law designed to prevent agencies from spending without available funds (see Section 6-5-6 NMSA 1978), the employee group health benefits program has been operating at a deficit. LFC analysis indicates, given current spending patterns and rates, the fund could end FY23 with a deficit of more than $100 million. Despite persistent shortfalls, the department has not increased health insurance rates for participating employees resulting in mounting shortfalls. Although the Legislature authorized a 5 percent rate increase for FY23, the governor vetoed funding for the increase, stating there would be no premium increase for FY23. The department reports per-member-per-month increases in healthcare costs of 5 percent, in line with the amount appropriated by the Legislature. The financial position of the health benefits fund makes cost containment an even more pressing concern; however, a cost-containment strategy alone will not enable the department to close the funding gap in the absence of rate increases.

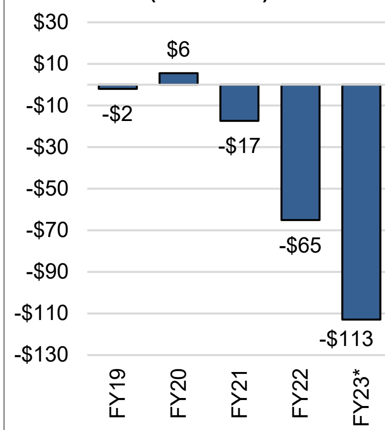
For FY24, the Department of Finance and Administration did not include an increase in FY24 health benefits rates in budget instructions for state agencies.

Budget: $419,936.0 **FTE: 0.0**

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Change in average per-member-per-month total healthcare cost	-2.5%	5.9%	<5%	5%	G
Year-end fund balance of the health benefits fund, in millions*	NEW	-$17.3	N/A	-$65.1	R
Annual loss ratio for the health benefits fund	NEW	NEW	98%	-118%	R
State group prescriptions filled with generic drugs	87.2%	86.5%	80%	87%	G
Number of visits to the Stay Well Health Center	7,801	6,248	N/A	4,540	Y
Percent of available appointments filled at the Stay Well Health Center*	NEW	50%	N/A	81%	Y
Percent of eligible state employees purchasing state medical insurance*	NEW	81%	N/A	80%	
Rate per one thousand members of emergency department use categorized as nonemergent*	NEW	21.8	N/A	22.6	
Program Rating	G	R			R

*Measure is classified as explanatory and does not have a target.

Health Benefits Fund Balance
(in millions)



*Projected; assumes no rate increase and shortfall equal to FY22

Source: GSD

Facilities Management

The Facilities Management Division (FMD) is responsible for maintaining 6.8 million square feet of state-owned and leased space. Recently, GSD prioritized moving employees from leased space to state-owned facilities; however, the state continues to lease 2.5 million square feet of private space. Efforts to consolidate state agencies and reduce leased space have been hampered by uncertainty about

FY22 Leased and State-Owned Office Space by Square Foot and FTE

Department	Leased Space	Rent	State-Owned Space	State-owned Space Per FTE (Target 215)	Total Space
Human Services Department	716,989	17,045,290	61,456	325	778,445
Children, Youth & Families Department	419,432	8,593,213	282,759	361	702,191
Department of Health	274,835	4,315,346	245,776	180	520,611
Corrections Department*	73,273	1,386,037	299,424		372,697
Taxation and Revenue Department	184,566	4,239,764	149,838	289	334,404
Department of Environment	120,490	2,273,294	70,975	343	191,465
Workforce Solutions Department	25,163	475,187	162,160	375	187,323
Department of Public Safety	63,007	516,839	64,858	511	127,865
State Engineer	63,251	924,009	50,706	268	113,957
Regulation and Licensing Department	24,188	392,655	65,687	205	89,875
Total	**1,965,193**	**40,161,634**	**1,453,639**	**279**	**3,418,832**

the future space needs of the state workforce, with space occupied on a daily basis reduced due to telework. Specifically, the lack of a consolidated set of criteria governing telework eligibility led to agencies pursuing differing strategies, resulting in inconsistencies in estimated amount of space needed to house staff.

The General Services Department has received $3 million in capital outlay funding for renovations to offices at the PERA building for the Chilren, Youth and Families Department and the Early Childhood Education and Care Department, but a recent site visit showed continued teleworking and staff vacancies led to underutilized office space.

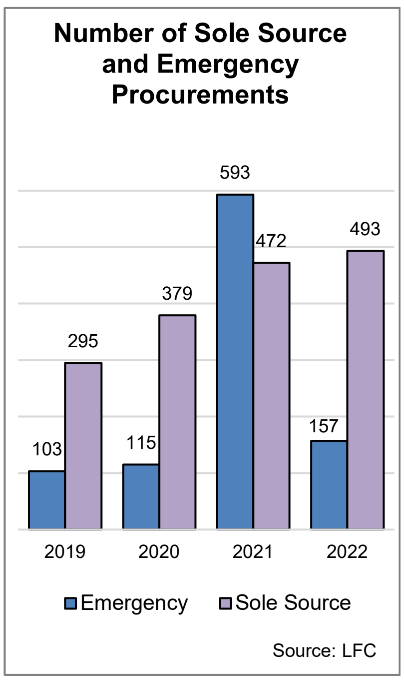
FMD reports less than 60 percent of scheduled preventive maintenance activities were completed on time. The division reports long wait times for materials to complete projects, although the department report capital projects are mostly completed on time.

The department reports 100 percent of office leases met adopted space standards, but notes leases with a space standard waiver are not included in this calculation. For example, the department excluded five of six leases processed in the fourth quarter, meaning only 20 percent of fourth quarter leases met space standards. The state has yet to realize projected cost savings from the green energy initiatives, with the department reporting $181.5 thousand in energy savings in FY22. In August 2019, FMD began a $32 million project to reduce energy use in state facilities, estimated to save at least $1.4 million per year, with guaranteed savings of $1.1 million.

Budget: $15,481.2 **FTE:** 148

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Capital projects completed on schedule	96%	88%	90%	93%	G
Preventive maintenance completed on time	75%	48%	80%	59%	R
New office leases meeting space standards	93%	100%	85%	100%	
Amount of utility savings resulting from green energy initiatives, in thousands*	NEW	$281.4	N/A	$181.5	Y
Program Rating	G	R			

*Measure is classified as explanatory and does not have a target.



State Purchasing

The program reports all 76 executive agencies had designated chief procurement officers at the end of FY22, and the agency met targets for procurement completion and timely contract review. The department reported an uptick in revenue received from pricelist purchases, rising from $3 million in FY21 to $4.2 million in FY22, a 40 percent increase, pointing to a rise in the number of agencies using price lists for procurement.

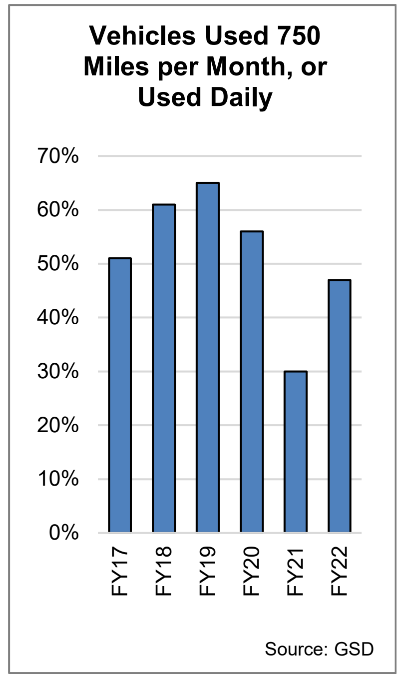
Budget: $2,263.4 **FTE:** 29

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Agencies with certified procurement officers	92%	95%	90%	100%	G
Procurements completed within targeted timeframes	NEW	NEW	80%	88.5%	G
Revenue generated through pricelist purchases, in thousands*	NEW	$2,988	N/A	$4,198.8	
Percent of estimated payments received from vendor sales	NEW	NEW	80%	99%	G
Percent of invitations to bid awarded in 90 days of assignment	100%	64%	90%	92%	G
Average number of days for completion of contract review	NEW	8.1	<5	4	G
Program Rating	Y	G			G

*Measure is classified as explanatory and does not have a target.

Transportation Services

Although the Legislature recently appropriated $1.3 million for GSD to replace state vehicles, agencies continue to underutilize vehicles, with only 47 percent of leased vehicles being used daily or for at least 750 miles per month. Although the agency states daily vehicle use will increase as state government returns to normal business operations, the agency may need to consider the impact of increased telework arrangements, which have the potential to permanently alter normal business operations. Additionally, even prior to pandemic-induced stay-at-home orders, vehicle use was below the 70 percent target level.



Budget: $9,426.5 **FTE: 31**

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Vehicle operational cost per mile	$0.48	$0.49	$0.59	$0.55	R
Vehicles used 750 miles per month	56%	30%	70%	47%	R
Program Rating	Y	Y			R

*Measure is classified as explanatory and does not have a target.

State Printing

The State Printing Program reported recovery in sales from the downturn caused by the Covid-19 pandemic, with revenue exceeding expenditures for the first time since the start of the pandemic. Although on a yearly basis the division continues to run a deficit, sales growth of 68 percent is an encouraging sign, although sales typically peak in the third quarter due to printing for the legislative session. The division continues to perform well, with all printing jobs delivered on time in the third quarter.

Budget: $2,038.9 **FTE:** 9

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Revenue exceeding expenditures	5%	-0.6%	5%	21%	G
Percent of printing jobs delivered on time	99%	100%	99%	100%	G
Sales growth in revenue	8.6%	-11%	20%	-2%	R
Program Rating	Y	Y		G	G

State Personnel

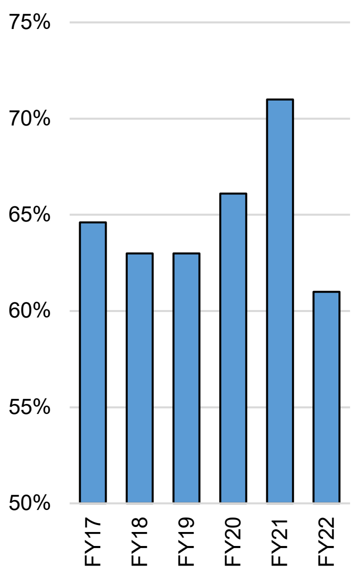
ACTION PLAN

Submitted by agency?	Yes
Timeline assigned by agency?	No
Responsibility assigned?	No

The state continues to face challenges related to employee recruitment and retention. The State Personnel Office (SPO) reports the classified service vacancy rate is 22.8 percent, up from 20 percent in FY21 and 21 percent in FY22. State agencies continue to take longer to fill vacant positions, with "time to fill" averaging 64 days in the fourth quarter, an improvement on the 72 days reported at the beginning of FY22. Once positions are filled, fewer employees are completing their probationary period, with only 57 percent completing it in the third quarter, despite new hires being offered salaries above pay band midpoints.

SPO has created a task force with agency human resources officers to reduce the time it takes to fill vacant positions. One factor could be agencies increasing the time a job is posted in an effort to find more qualified applicants in a tight job market. To better identify which agencies have longer time-to-fill results, SPO has said it will work to improve agency access to performance data. The agency should provide regular follow-up and support to help agencies not meeting targets to improve internal procedures. Additionally, the Legislature should consider agency performance in filling vacant positions as part of the FY24 budget process.

New Employees Completing One Year Probation Period



Source: SPO

At SPO's request, a number of measures are classified as explanatory, meaning they do not have performance targets. However, ratings were given based, in part, on prior year performance.

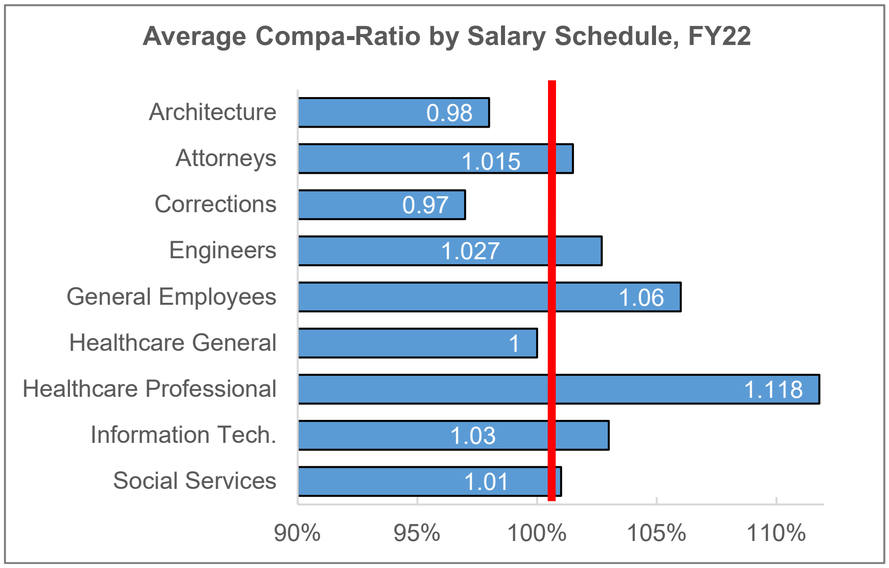
Budget: $3,875.9 **FTE: 44**

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Classified service vacancy rate*	21%	19.9%	N/A	22.8%	R
Average days to fill a position from the date of posting*	56	50.5	N/A	69	R
Average state classified employee compa-ratio	103%	103%	100%	105%	R
New employees who complete their first year of state service*	66%	71%	N/A	61%	R
Classified employees voluntarily leaving state service*	12%	13%	N/A	19.5%	R
Classified employees involuntarily leaving state service*	2%	1.6%	N/A	1%	
Number of hires external to state government*	NEW	1,996	N/A	2,969	G
Program Rating	Y	R			R

*Measure is classified as explanatory and does not have a target.

SPO's quarterly report does not include information on salary competitiveness or turnover by job type, but measures of compa-ratio, or salary divided by midpoint of salary range, continue pointing to salary inadequacy for some employees. While compa-ratio for occupation-specific salary schedules are generally competitive, the average compa-ratio is 106 percent for employees on the general salary schedule. The Personnel Board recently took action to increase the pay band ranges for some healthcare professional pay, which is not reflected in the data and will likely lower the average for healthcare professionals.

For FY23, on average, state employees received a 9 percent salary increase, although increases varied from as little as 4 percent to as high as 30 percent, depending on an employee's pay band and compa-ratio. This increase was on top of an across-the-board 3 percent increase effective in April 2022. Notably, employees on occupational salary schedules received an across-the-board 4 percent increase, despite high vacany rates and turnover among some of these professions, including correctional officers and child protective service employees. For FY24, the Legislature may need to consider targeted pay increases in these areas to aid recruitment and retention.

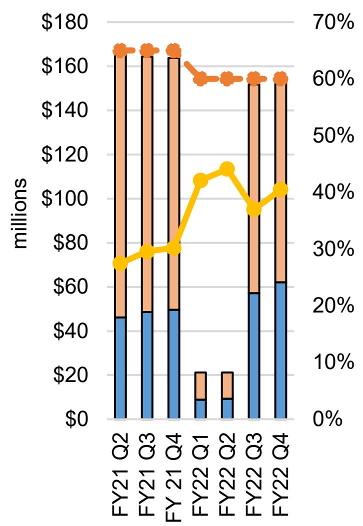


Teleworking Policies. A recent LFC evaluation of the state's personnel system found the state may not be taking advantage of a potential recruitment tool by building a system of remote work that reflects the modern job market. Although some employees continue to work from home on a part-time basis, the state does not have a formal, statewide teleworking policy, and allows individual agencies to set policies. Evidence suggests current job seekers consider teleworking policies when choosing places to work; lack of permanent policies may harm competitiveness and lead to ad hoc policies more likely to impact agency service delivery. While it is not possible for many state employees to function remotely, an April 2022 review of state records showed 26 percent of employees were teleworking more than half of the time under current nonmandatory teleworking policies. Meanwhile, the state is spending $71 million annually to provide 3.7 million square feet of office space, including space for employees working teleworking for most of the time. While in the short term, current teleworking polices have likely helped state agencies retain employees who may have left state employment if forced to return full-time, on a long-term basis the state should investigate ways to use telework where appropriate.

Taxation and Revenue Department

ACTION PLAN	
Submitted by agency?	Yes
Timeline assigned by agency?	No
Responsibility assigned?	No

Collections as a Percent of Collectible Audit Assessments



Source: TRD

The Taxation and Revenue Department's (TRD) Program Support Division surpassed the annual target of resolved tax protest cases, ensuring compliance with state laws and promoting taxpayer understanding of those laws. The Audit and Compliance Division met the target for implementation of internal audit recommendations, but the Tax Administration Division fell short on targets for collecting outstanding tax balances—an issue that was the subject of a 2021 LFC program evaluation and continues to warrant improvements. The Property Tax Division (PTD) reached its target of returning recovered property taxes to New Mexicans, reducing the total amount of delinquent property taxes statewide to $56.9 million. TRD's Compliance Enforcement did not reach the target of tax investigations referred to prosecutors. The Motor Vehicle Division is continuing to fill vacancies and work with vendors to improve appointment queuing processes; as of June, TRD's agencywide vacancy rate was 25 percent.

Program Support

TRD Program Support Division reviewed and resolved 1,690 protest cases. In the fourth quarter, 378 protest cases were reviewed and resolved, with 10 percent of the cases having a hearing at the Administrative Hearings Office. This included scheduling, merits, motions, and continuous hearings.

Budget: $9157.6 **FTE:** 101

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Tax protest cases resolved	1,744	1,590	1,525	1,690	G
Internal audit recommendations implemented	95%	100%	92%	97%	G
Program Rating	G	G			

Tax Administration

At the beginning of the fiscal year, the Tax Administration program had a collectible balance of $963 million, of which the program collected $149.5 million, or 15.5 percent of the total. The accounts receivable reductions resulted from amended returns, abatements, deactivations, bankruptcy, and reversals. The total FY22 reduction, beginning with accounts receivable, was $411.9 million, bringing the balance to $813.5 million.

Budget: $23,082.0 **FTE:** 344

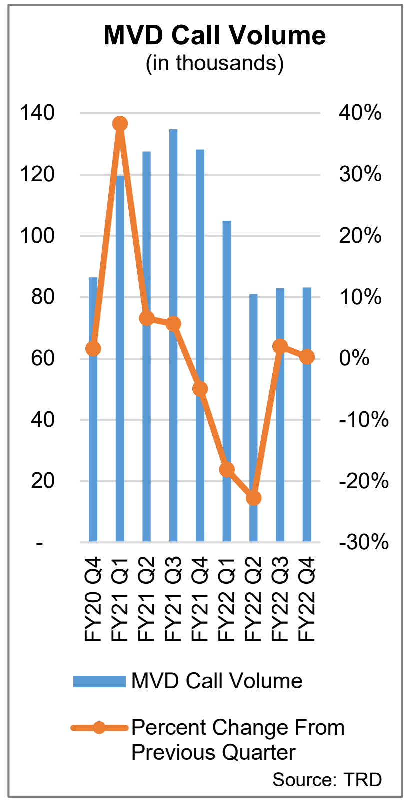
	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Collections as a percent of collectible outstanding balances from the end of the prior fiscal year*	19%	17.6%	25%	15.5%	R
Collections as a percent of collectible audit assessments generated in the current fiscal year	26%	30.3%	60%	40.5%	R
Program Rating	R	R			

*Target is cumulative

Motor Vehicle

An increase in the number of registered vehicles with liability insurance was attributed to the annual process in which insurance companies remove all policies from the MVD system and resubmit all current policies. There was an increase, but the actual number could be higher, TRD reported. Along with ongoing issues with insurance companies incorrectly reporting fleet and commercial policies, the uninsured rate reported could be inflated. The insured vehicle data was collected on a weekly, monthly, and quarterly basis to monitor compliance. MVD is exploring options to increase compliance among all jurisdictions and demographics.

The average call center wait time to reach an agent was nearly nine minutes. An increase of one minute and 39 seconds since the third quarter is due to high call volumes and an increased number of vacancies at the center. Because field offices are open by appointment only, customers frequently reach out to the call center. Turnover was due to staff moving to other TRD divisions for promotional opportunities, including a MVD senior agent position. The MVD call center is working to fill six vacancies, which will help to maintain and improve wait times. The MVD vacancy rate has decreased from 19.3 percent in July 2021 to 14.2 percent in June 2022, the lowest vacancy rate of all TRD's divisions.



Budget: $51,343.7 **FTE:** 331

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Registered vehicles with liability insurance	91%	91%	93%	91.1%	Y
Average wait time in "q-matic" equipped offices, in minutes	16:29	8:00	<20:00	6.48	G
Average call center wait time to reach an agent, in minutes	3:55	15:11	<10:00	8:38	Y
Program Rating	Y	Y			G

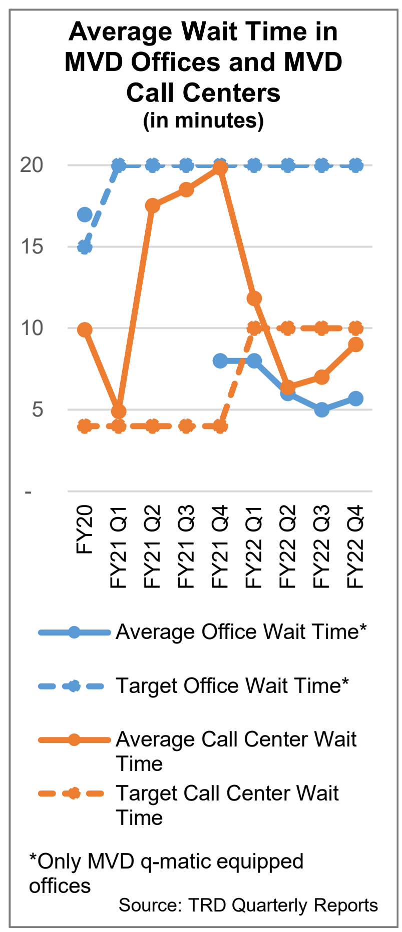
*Measure is classified as explanatory and does not have a target.

Property Tax

Preliminary delinquent property taxes collected and distributed to counties is $10.6 million. The Property Tax Division (PTD) reached its target of returning $12 million in recovered property taxes to New Mexico's counties. There is an additional upside from the counties that have data submissions owed to PTD. The total of delinquent taxes statewide totals $56.9 million. Through TRD's detection and correction of faults in software, delinquency lists have improved reliability every quarter.

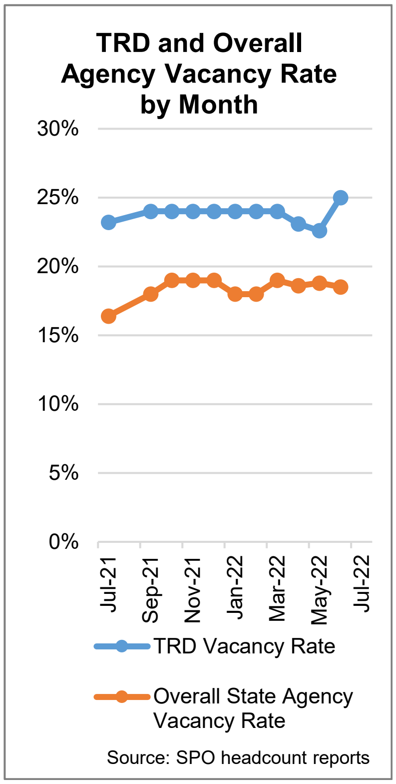
Budget: $5,326.2 **FTE:** 39

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Delinquent property tax collected and distributed to counties, in millions	$10.4	$8.2	$12.0	$12.0	G
Percent of total delinquent property taxes recovered	18.7%	18.7%	15%	23%	G
Program Rating	G	G			



Compliance Enforcement

The Tax Fraud and Investigation Division (TFID) has assisted numerous third-party agencies with financial and investigative expertise on different cases throughout FY22. Tax investigations referred to prosecutors as a percent of total investigations assigned during the year decreased since last quarter, resulting in a cumulative total of 50 percent. Only one case was referred to the court system during the quarter and eight were opened. TRD indicates there is a delay between the initiation of a case and the referral to prosecution, which could potentially



result in a lower reported percentage of investigations. Within respective quarters, case referrals can sometimes match the total cases submitted for the fiscal year, indicating a high referral rate based on case completion. TFID conducts extensive analysis to provide the best evidence for prosecution that will extend the life of the case.

Budget: $1642.6 **FTE:** 21

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Tax investigations referred to prosecutors as a percent of total investigations assigned during the year	114%	67%	85%	50%	R
Successful tax fraud prosecutions as a percent of total cases prosecuted*	100%	N/A	N/A	100%	G
Program Rating	R	G			

*Measure is explanatory and does not have a target.

Over the past five years, state general fund revenue investments in information technology projects have more than tripled, from $21 million in FY19 to over $64 million in FY23. Over that time, a number of projects have experienced significant schedule delays and cost overruns, often resulting from unexpected vendor changes, pending federal approvals, or supply chain issues. However, four projects have moved from a high risk rating to a moderate risk rating and others have shown improved budget or schedule risk since FY21.

The status report for FY22 includes 12 key projects and one program for a total cost of nearly $717 million, including $82.1 million for projects led by the Department of Information Technology (DoIT) and $237.2 million for the statewide broadband program managed by the Office of Broadband Access and Expansion. Project budget totals reflect new funding appropriated for FY23. The report reviews one high risk project, seven moderate risk projects, and five low risk projects. Highlights include broadband ($10 million and $237 million) and cybersecurity efforts ($7 million), the Human Services Department's Medicaid management information system replacement project ($294.5 million), and the Children, Youth and Families Department's comprehensive child welfare system replacement project ($17.5 million).

Broadband. DoIT made progress on spending available appropriations from its $10 million rural broadband project. Funds were used to support broadband connectivity projects for rural areas in Chaves, Sierra, and Lea counties, Cochiti Pueblo, Edgewood, Southeast New Mexico, and the Permian Basin from Carlsbad to Jal. The funding was also used to support development of strategic plans, mapping, printing services, and to support a help desk for New Mexicans experiencing connectivity issues. The project will close out before funding expires in June 2023. However, other broadband efforts at the state level will be ongoing and are tracked separately from this 2019 rural broadband project.

The highest risk project currently is the statewide broadband program, intended to expand broadband access across the state. The program currently has $237 million available to support broadband. Included in this total is the connect New Mexico fund, appropriated $100 million in the 2021 legislative session, and $123 million in federal funds appropriated in 2022. A lack of leadership caused delays to spending available appropriations, but progress on staffing the office and work being done with the Connect New Mexico Council—which started meeting in January 2022—show promise for better results in future quarters. For instance, the office has begun spending funds to support office employees and consulting contracts for broadband infrastructure and digital equity planning.

Cybersecurity. DoIT's $7 million cybersecurity project, intended to monitor and address state cybersecurity risks, is conducting monthly vulnerability scanning with 66 identified agencies. In 2022, DoIT also initiated a gap analysis to implement a state security operations center—a key deliverable of the project—by June 2023, which reduces project risk. The security operations center will provide a centralized oversight entity to address and remediate state cyber risks. Further, a working group of LFC is meeting to determine the need for recurring cybersecurity funding beyond the scope of this certified project. The agency will likely support future cybersecurity initiatives operationally through a recurring funding source, rather than through computer systems enhancement funds. Cybersecurity efforts as part of this certified project are expected to close out in June 2023 but should set the framework for more operational, widespread security initiatives at DoIT.

Medicaid Management and Information System Replacement Project. The Human Services Department (HSD) has been appropriated $294.5 million so far—including $30 million in state funding—for its replacement of the existing Medicaid management system, supported by a potential 90 percent federal funding participation match. The agency's most recent federal funding request to support this and other related projects received federal approvals in January 2022, resulting in decreased risk. The agency, in coordination with the Children, Youth and Families Department, continues to submit annual required updates to federal partners for advanced planning documents. However, both agencies must continue to meet scheduled milestones and maintain the overall project schedule to ensure integration with all necessary systems and to avoid additional cost overruns over time. Prior delays to the project resulted in an expanded timeline, now expected to be completed in 2026, and HSD has spent just over half of available appropriations at the end of FY22, or nearly $153 million. So far, the consolidated customer services center module is operational and is the first federally certified module of the new MMIS as of May 2022, which allows the agency to receive enhanced federal matching funds for the Medicaid-related operations of that module (75 percent). In addition, the agency has successfully implemented third party liability, recovery, and audit functionality and has piloted electronic document management system solutions in two child support enforcement offices.

Comprehensive Child Welfare Information System. Because of failures in the Enterprise Provider Information and Constituent Services (EPICS) project, CYFD is again attempting to replace its legacy Family Automated Client Tracking System (FACTS) with a new, federally compliant child welfare information system. The agency has moved to a competitive procurement strategy in 2022, improving risk ratings for the project. The project planning documents have also been approved by federal partners as of January 2022, and CYFD has undergone additional efforts to verify available federal funding and project costs. The agency now estimates the project to be completed in 2025 at a cost of $71 million, up from an initial estimated $36 million, of which $42 million may be state funding. The agency reports the new estimates more accurately reflect project costs, including additional staff, hardware and software, and other associated costs not included in the original budget estimate. However, of previously estimated federal matches of $12.2 million since FY19, it was found federal partners have only approved $4.9 million due to past issues with procurements and other issues affecting federal approval. Further, of the $4.9 million approved, the agency has only drawn down $930.8 thousand, and the remaining $4 million is set to expire in October 2022. As such, the agency is requesting new appropriations to support the project for FY24.

Project Status Legend

G	Project is on track; scope, budget, schedule, and deliverables are being managed appropriately.
Y	Project has potential risk to scope, cost, schedule, or deliverables; independent verification and validation (IV&V) or LFC staff has identified one or more areas of concern needing improvement.
R	Significant issues limit success of the project; high risks to scope, cost, schedule, or deliverables identified; management attention and corrective action needed.

P25 Digital Public Safety Radio System Upgrade Project

Overall Status

The Department of Information Technology (DoIT) received an additional $26 million in severance tax bond revenue during the 2022 legislative session to continue the project. The agency continues development at the East Mountain sites and 21 other site expansion locations. The agency is undergoing design review for its southwest expansion project, which includes 10 tower sites, three communications centers, and the Southern New Mexico Correctional facility, with deployment to follow.

Measure	FY20 Rating	FY21 Rating	FY22 Rating
Budget	Y	Y	Y
Schedule	Y	Y	Y
Risk	R	Y	R
Overall Rating	R	Y	Y

Budget

Total available funding includes $1.3 million from the equipment replacement fund and $1.5 million repurposed from another DoIT project. DoIT has been appropriated only 38 percent of the total project budget so far, including its most recent appropriation. Project spending this quarter is $120 thousand less than the previous quarter due to the agency identifying power poles for the Chilili site that could be funded by a credit in an existing contract, resulting in the reduced amount.

Budget Status Overview
(in thousands)

State	Federal	Total Available Funding	Spent to Date	Balance	% of Appropriations Spent
$65,164.3	$0.0	$65,164.3	$38,864.6	$26,419.7	59.5%

Schedule

The five-site and Sandoval project expansions are underway. Segments located at A Mountain were deployed in April on schedule. The project may also experience supply chain disruptions, which could cause deployment delays. However, DoIT still expects project closeout in June 2027 and updates deployment plans on an ongoing basis dependent on interest from communities and available funding.

Risk

The high cost of the project and reliance on capital funding result in a continued high risk rating. The agency is also proposing two new annual performance measures to track the percentage of geographic coverage and number of new subscribers to the digital trunked radio system. This should help with oversight and transparency on project progress over time.

OVERVIEW

Project Phase	Implementation
Start Date	9/27/18
Est. End Date	6/30/24
Revised	6/30/27
Est. Total Cost	$150,000.0
Revised	$170,000.0

Project Description:

The P25 digital statewide public safety radio system upgrade project will upgrade and replace public safety radio equipment and systems with digital mobile communications for public safety organizations.

OVERVIEW

Project Phase	Implementation
Start Date	11/26/18
Est. End Date	6/30/20
Revised	6/30/23
Est. Total Cost	$7,000.0

Project Description:

The enterprise cybersecurity project will establish a framework and foundation for the state's cybersecurity structure, including identifying tools for compliance monitoring and cybersecurity management, and implement an enterprise cybersecurity operations center.

Enterprise Cybersecurity Project

Overall Status

DoIT monthly scanning has improved the state's cybersecurity posture as more agencies are participating, and the department has identified the remaining agencies in need of participation and is working to onboard them next quarter. A sub-group of LFC is meeting to determine the need for recurring cybersecurity funding beyond the scope of this certified project.

Measure	FY20 Rating	FY21 Rating	FY22 Rating
Budget	Y	Y	Y
Schedule	Y	Y	Y
Risk	R	R	Y
Overall Rating	R	Y	Y

Budget

DoIT received $1 million in operating funds and $20 million for broadband and cybersecurity purposes during the most recent legislative sessions, of which the department plans to use $19 million for cyber efforts. This quarter, the agency reported additional spending of $517 thousand. The agency will likely support further cybersecurity initiatives operationally through a recurring funding source, rather than through computer systems enhancement funds.

Budget Status Overview
(in thousands)

State	Federal	Total Available Funding	Spent to Date	Balance	% of Appropriations Spent
$7,000.0	$0.0	$6,951.1	$5,570.1	$1,380.9	80.1%

Schedule

Cybersecurity upgrades and management will be an ongoing priority for the agency, but project-specific activities are expected to close out in June 2023. DoIT initiated a gap analysis to implement a state security operations center, a key deliverable of the project. The center is expected to be fully executed by June 2023 for DoIT and 18 DoIT-supported agencies.

Risk

DoIT continues monthly vulnerability scanning efforts with 66 agencies, including over 24 thousand IP addresses. DoIT is using the findings from its enterprise risk assessment, given to state chief information officers, to improve visibility into the state's IT systems. These efforts, combined with the gap analysis to support establishment of a state security operations center and efforts of the LFC working group to determine recurring funding mechanisms for cybersecurity, has resulted in decreased project risk.

New Mexico Rural Broadband Project

OVERVIEW	
Project Phase	Implementation
Start Date	6/1/19
Est. End Date	6/30/23
Est. Total Cost	$10,000.0

Overall Status

DoIT is supporting efforts for broadband expansion through operational initiatives, as well as through this $10 million certified project. DoIT reports obligating all funds for the project this quarter. Funds were used to support broadband connectivity projects for rural areas in Chavez, Sierra, and Lea counties, Cochiti Pueblo, Edgewood, southeast New Mexico, and the Permian Basin from Carlsbad to Jal. The funding has also been used to support development of strategic plans, mapping, printing services, and a help desk.

Measure	FY20 Rating	FY21 Rating	FY22 Rating
Budget	Y	G	G
Schedule	Y	Y	G
Risk	Y	Y	Y
Overall Rating	Y	Y	Y

Project Description:

The New Mexico rural broadband project will maximize availability of broadband connectivity across the state's rural areas.

Budget

Additional funding appropriated in the 2021 and 2022 legislative sessions will not be part of the $10 million total budget but will be monitored seperately. DoIT reports spending 60 percent of available funds and reported an additional obligation of $1.9 million to expand help desk services to additional populations, including veterans. This service will help expand enrollment in federal broadband subsidy programs.

Budget Status Overview
(in thousands)

State	Federal	Total Available Funding	Spent to Date	Balance	% of Appropriations Spent
$10,000.0	$0.0	$10,000.0	$6,021.1	$3,978.9	60.2%

Schedule

The project is estimated to complete in 2023, but the department's role in supporting broadband will continue beyond the scope of this project as the administrative support for the Office of Broadband Access and Expansion. As the project has reported obligating all funds, DoIT anticipates closeout of the project on or before June 2023, which reduces the schedule risk rating as the project moves toward an on-time closeout.

Risk

DoIT reports spending or obligating all remaining funds, but strategic plans and other reports commissioned using project funds have not resulted in a uniform, comprehensive strategy for expanding broadband statewide or a five-year statewide broadband plan as is required for future federal funding opportunities. However, those efforts should inform larger strategic planning efforts of the broadband office and the project has been successful in serving rural areas.

OVERVIEW

Project Phase	Planning
Start Date	7/1/21
Est. End Date	Ongoing
Est. Total Cost	TBD

Project Description:

The Statewide Broadband Program will support the implementation and expansion of broadband statewide, including uses of funds from the Connect New Mexico Fund.

Statewide Broadband Program

Overall Status

The Office of Broadband Access and Expansion's (OBAE) Statewide Broadband Program is reported seperately from the $10 million certified rural broadband project. The director of the office has been hired and four positions have been posted for an assistant director, a compliance manager, a grant manager, and an operations manager. Once staffed, the office should continue to prioritize development of both a spending plan and a three- to five-year broadband plan.

Measure	FY20 Rating	FY21 Rating	FY22 Rating
Budget	NEW	R	R
Schedule	NEW	Y	Y
Risk	NEW	Y	Y
Overall Rating	NEW	R	R

Budget

The office has yet to develop a comprehensive spending plan for administering its available funding. However, the Connect New Mexico Council is undergoing rulemaking for distribution of connect New Mexico funds and is launching the broadband pilot grant program using $123 million in ARPA funds appropriated to the Department of Information Technology. The office has encumbered $130 thousand to support digital equity planning.

Budget Status Overview
(in thousands)

State	Federal	Total Available Funding[1]	Spent to Date	Balance	% of Appropriations Spent
$112,680.6	$124,566.8	$237,247.4	$0.0	$237,247.4	0.0%

[1] Program funding includes $100 million to the connect New Mexico fund to be provisioned by the OBAE and $137.2 million to DoIT, including $123 million in federal funds allocated to DoIT from federal ARPA funds and $1.5 million in CARES Act funding.

Schedule

OBAE has established a timeline for administering the $123 million pilot grant program, with the first round of awards expected in late September. The office has also met deadlines so far for federal grant opportunities, having submitted the required letters of interest to participate in the federal Broadband Equity, Access and Deployment (BEAD) grant program and submitted a request for $740 thousand for digital equity planning and $5 million for BEAD planning.

Risk

Delays to establishing the council and staffing the office resulted in delays and posed risk to securing additional federal funding, but progress is being made to meet deadlines for federal programs and the office is engaging with stakeholders to promote coordinated planning to ensure funds are spent most effectively across the state.

ONGARD Replacement – Royalty Administration and Revenue Processing System Project

OVERVIEW

Project Phase	Implementation
Start Date	9/5/18
Est. End Date	6/30/20
Revised	4/05/22
Est. Total Cost	$10,000.0
Revised	$11,850.0

Overall Status

The State Land Office (SLO) team completed system enhancements that allow the agency to calculate interest rates and identify tresspass royalties for collection. The agency decided not to continue with accounting functions but did not incur addditional costs for the proof of concept. SLO has closed out this portion of the project and is generating the list of requirements for another portion of the project to focus on renewable energy sources, rather than just oil and gas, to be completed in a separate certified project.

Measure	FY20 Rating	FY21 Rating	FY22 Rating
Budget	G	G	G
Schedule	Y	Y	G
Risk	Y	G	G
Overall Rating	Y	G	G

Project Description:

The Royalty Administration and Revenue Processing System (RAPS) project is intended to replace the existing Oil and Natural Gas Administration and Revenue Database system with a new, modern solution, including royalty, oil and gas, and related accounting functions. Replacement will be delivered in two separate systems: RAPS and the Taxation and Revenue Department's severance tax system.

Budget

SLO received $50 thousand back for software after deciding not to move forward with accounting functionalities and incurred no additional costs for the proof of concept. The agency spent nearly 95 percent of available funding and will revert around $681 thousand. Additional funds received during the 2022 legislative session will be used to support the next portion of the project for renewable energy and accounting functions.

Budget Status Overview
(in thousands)

State	Federal	Total Available Funding[1]	Spent to Date	Balance	% of Appropriations Spent
$11,850.0		$11,850.0	$11,249.4	$600.6	94.9%

[1]Appropriations are from the state lands maintenance fund.

Schedule

The project has been closed as of June 2022, and SLO has initiated the subsequent lease invoice and accounting project. Percent interest enhancements and trespass royalty in kind capabilities are working as expected. Despite prior delays, the additional time allowed the agency to undergo adequate testing and ensure proper functionality.

Risk

SLO effectively managed project risk despite small delays to the project schedule. Proof of concept for accounting functions will be further explored in the separate lease invoice and accounting project. Having implemented intended functions, the project closed out with a green rating from independent verification and validation vendor reports.

OVERVIEW

Project Phase	Implementation
Start Date	12/18/13
Est. End Date	6/30/19
Revised	3/31/25
Est. Total Cost	$65,581.9
Revised	$70,838.6

Project Description:

The child support enforcement system (CSES) Replacement project will replace the more than 20-year-old child support enforcement system with a flexible, user-friendly solution to enhance the department's ability to comply with and meet federal performance measures.

Child Support Enforcement System Replacement Project

Overall Status

The Human Services Department (HSD) completed phase one of the project, which included improvements to the system design (refactoring) and an upgrade of the old child support enforcement system to a new, modern cloud platform (refactoring). The agency continues to monitor schedule risks, which pose the biggest risk to the project primarily relating to integration with HSD's other IT project, MMISR, and are seeking federal approvals of planning documents.

Measure	FY20 Rating	FY21 Rating	FY22 Rating
Budget	G	Y	Y
Schedule	Y	Y	Y
Risk	Y	Y	Y
Overall Rating	Y	Y	Y

Budget

HSD was appropriated roughly $4.9 million in state funding to support the project during the 2022 1egislative session, with an associated federal match of roughly $9.5 million. HSD has been appropriated almost half of the total project cost, including the most recent project appropriation. The agency reports spending an additional $2 million in the last quarter.

Budget Status Overview
(in thousands)

State	Federal	Total Available Funding	Spent to Date	Balance	% of Appropriations Spent
$10,018.6	$22,848.0	$32,866.6	$12,586.6	$20,280.0	38.3%

Schedule

Although two months later than initially expected due to testing issues, the agency successfully went live with the system refactor and HSD completed the system rollout to 14 field offices. Pending federal approvals have caused prior delays to project implementation at the agency, and the project should be monitored and meetings with federal partners should continue to prevent any potential delays.

Risk

The agency submitted planning documents to the federal Office of Child Support Enforcement for approval. Integration with MMIS is still planned for 2024, posing risk because delays or changes to one project may cause changes to the other.

Medicaid Management Information System Replacement Project

OVERVIEW

Project Phase	Implementation
Start Date	12/18/13
Est. End Date	12/30/21
Revised	8/31/26
Est. Total Cost	$221,167.8
Revised	$346,319.8

Overall Status

Schedule risks remain high for the Human Services Department's (HSD) Medicaid management information system replacement (MMISR) project after several delays, and HSD faces risks inherent with multi-agency projects. The consolidated customer services center module is federally certified as of May 2022, which allows the agency to receive enhanced federal matching funds for the Medicaid-related operations of that module (75 percent), and HSD submitted for approval of the financial services module, expected to start in August 2022.

Measure	FY20 Rating	FY21 Rating	FY22 Rating
Budget	G	R	Y
Schedule	R	R	R
Risk	R	R	Y
Overall Rating	R	R	Y

Project Description:

The Medicaid management system replacement project will replace the current Medicaid management information system (MMIS) and supporting applications, including the Medicaid information technology architecture, to align with federal Centers for Medicare and Medicaid Services (CMS) requirements.

Budget

HSD received final approval from the federal partners for all project aspects, resulting in a reduced risk and budget status. The agency was appropriated an additional $8.4 million in state funding during the 2022 legislative session, with an associated federal match of roughly $68 million. HSD was approved by the project certification committee for a $1.4 million cost increase due to contract negotiations.

Budget Status Overview
(in thousands)

State	Federal	Total Available Funding	Spent to Date	Balance	% of Appropriations Spent
$30,331.7	$264,215.6	$294,547.2	$152,743.0	$141,804.2	51.9%

Schedule

The agency continues to submit annual required updates to federal partners for advanced planning documents alongside the Children, Youth and Families Department. While it will not require an additional cost, the agency is moving back its release of the Yes NM portal to March to accommodate translation services required via the Hatten-Gonzales lawsuit, requiring the agency to provide information in several languages.

Risk

All aspects of the advanced planning document have been approved by the federal partners, resulting in decreased risk. However, the agency must continue to meet scheduled milestones and maintain the overall project schedule to ensure integration with all necessary systems and to avoid additional cost overruns over time.

OVERVIEW

Project Phase	Implementation
Start Date	9/1/17
Est. End Date	10/31/22
Revised	6/31/25
Est. Total Cost	$36,000.0
Revised	$71,068.0

Project Description:

The comprehensive child welfare information system (CCWIS) replacement project will replace the legacy Family Automated Client Tracking System (FACTS) with a modular, integrated system to meet the federal Administration on Children and Families (ACF) requirements.

Comprehensive Child Welfare Information System Replacement Project

Overall Status

Improvements to leadership, vision, and the change to a competitive procurement strategy last quarter resulted in an overall improved risk status for the Children, Youth and Families Department's (CYFD) comprehensive child welfare information system (CCWIS) replacement project. However, the agency is still anticipating project budget increases and an expanded timeline through FY25. The agency released its request for proposals at the end of June, with proposals due by late September.

Measure	FY20 Rating	FY21 Rating	FY22 Rating
Budget	Y	R	Y
Schedule	R	R	R
Risk	R	R	Y
Overall Rating	R	R	Y

Budget

CYFD produced a new project budget ($71 million) to include staff, hardware, and other costs not included in prior budget estimates. CYFD did not receive funding for FY23 but was reauthorized for use of a $7 million prior appropriation. Federal funding expected for FY19 ($500 thousand), FY20 ($332.6 thousand), and FY21 ($6.4 million) will not be received due to past issues with procurements and other issues affecting federal approval. The agency verified approval of $4.9 million from federal partners for FY22 but has reported using only $930 thousand.

Budget Status Overview
(in thousands)

State	Federal*	Total Available Funding	Spent to Date	Balance	% of Appropriations Spent
$16,524.2	$930.8	$17,455.0	$8,842.8	$8,612.2	50.6%

* An estimated $17.1 million in federal funding for FY22 was reduced to $4.9 million upon approval of planning documents

Schedule

The project certification committee previously approved an 18-month schedule extension for the project due to previous project delays and the shift to a competitive procurement strategy. The delay is intended to accommodate the time needed to complete a request for proposals, released at the end of June 2022, and a longer proposed implementation timeframe of 24 months.

Risk

The agency continues to submit its annual updates to the federal partners on the project advanced planning document with the Human Services Department. The largest risk is the project schedule as the agency changes its strategy for implementation, but budget risks should also be monitored to prevent scope creep and related cost increases.

Offender Management System Replacement Project

OVERVIEW

Project Phase	Implementation
Start Date	5/1/15
Est. End Date	6/30/19
Revised	6/30/22
Est. Total Cost	$14,230.0

Overall Status

The Corrections Department (NMCD) continued to perform system patches and prioritize fixing critical bugs for the offender management system replacement project. The project schedule should be monitored for future delays but the overall direction of the project remains positive. Training that will take place over an estimated six-months should improve system roll out amongst staff and other users despite small delays.

Measure	FY20 Rating	FY21 Rating	FY22 Rating
Budget	G	G	G
Schedule	R	Y	Y
Risk	Y	Y	Y
Overall Rating	Y	Y	Y

Project Description:

The offender management system replacement project will replace the legacy client server offender management system with a commercial-off-the-shelf (COTS), web-based solution. The COTS solution has 17 modules associated with agency requirements.

Budget

The project is fully funded and NMCD did not receive additional funding in the 2022 legislative session. However, the total project budget includes $1.4 million contributed from business areas and the agency operating budget. NMCD has spent nearly all available funding and is anticipating reversions of only around $10 thousand.

Budget Status Overview
(in thousands)

State	Federal	Total Available Funding[1]	Spent to Date	Balance	% of Appropriations Spent
$14,230.2		$15,702.7	$15,687.9	$14.8.	99.9%

[1]Amount includes $1.4 million contributed from business areas and the agency operating budget.

Schedule

The agency is undergoing staff training for the next six months, with production use at the department expected to start in late 2022 and closeout to follow. However, all deliverables from the initial request for proposals have been completed as of June 30, 2022. Delays to accommodate training should help ensure proper functionality, and the agency is finalizing training modules for adult prisons and probation and parole divisions.

Risk

Though the agency is experiencing some delays to releasing the final system due to patches and timing of tests, the system should meet full functionality on closeout. Independent verification and validation reports continue to trend green, showing manageable risks as the agency moves toward closeout of the project.

OVERVIEW

Project Phase	Implementation
Start Date	5/10/16
Est. End Date	6/30/21
Revised	3/1/23
Est. Total Cost	$7,3813

Project Description:

The records management system (RMS) project will replace various nonpayer record storage with an integrated records management system to provide law enforcement and other public safety agencies with a single repository of data available to support day-to-day operations, reporting, and records and data analysis.

Records Management System Project

Overall Status

The Department of Public Safety (DPS) continues to make progress on the records management system (RMS) and computer-aided dispatch (CAD) projects, a related DPS project. A two-month delay was expected, but the schedule was moved back to March 2023 due to adequate progress being made on system configurations, geographic information system enhancements, and system interfaces this quarter.

Measure	FY20 Rating	FY21 Rating	FY22 Rating
Budget	Y	G	G
Schedule	Y	Y	Y
Risk	Y	Y	G
Overall Rating	Y	Y	G

Budget

The agency did not receive additional funds from the 2022 legislative session but did receive a reauthorization of a nearly $5.5 million prior appropriation. As the project is estimated to complete in March 2023, the agency is not requesting additional funding for FY24 and the project is currently on budget.

Budget Status Overview
(in thousands)

State	Federal	Total Available Funding	Spent to Date	Balance	% of Appropriations Spent
$7,381.3		$7,381.3	$2,787.6	$4,593.7	37.7%

Schedule

The project schedule includes accommodations for the computer-aided dispatch project. DPS reported contracting with a different vendor for migration because the prior vendor, Mark43, no longer offers migration support. Although the executive steering committee and the vendor shifted the schedule back to an earlier March 2023 closeout, the agency may still experience a two- to three- month delay to migrate and test the data.

Risk

Risks associated with accommodating two IT projects simultaneously are being managed via combined weekly meetings with both project core teams. The agency continues training and work on interfaces. The agency also reports around 50 percent of required circuits have been updated at the Department of Information Technology data center. Progress should be monitored to prevent additional delays.

Computer-Aided Dispatch Project

Overall Status

DPS plans to go live with the computer-aided dispatch (CAD) and record management system (RMS) projects simultaneously. The project schedule was moved back to March 2023 due to adequate progress being made on system configurations, geographic information system (GIS) enhancements, and system interfaces this quarter; however, additional data migration activities and vendor changes may result in a two- to three-month delay as previously expected.

Measure	FY20 Rating	FY21 Rating	FY22 Rating
Budget	NEW	NEW	G
Schedule	NEW	NEW	Y
Risk	NEW	NEW	G
Overall Rating	NEW	NEW	G

Budget

The project is currently within budget, with full funding currently certified by the project certification committee. DPS did not request additional funding for the project in FY24 because the project is expected to complete sometime in FY23.

Budget Status Overview
(in thousands)

State	Federal	Total Available Funding	Spent to Date	Balance	% of Appropriations Spent
$3,000.0		$3,000.0	$787.3	$2,212.7	26.2%

Schedule

The project schedule includes accommodations for the record management system project. Although the executive steering committee and the vendor previously thought configurations and GIS enhancements should allow for adequate time for migration with an earlier March 2023 closeout, the agency may still experience a two- to three- month delay to migrate and test the data. Production of the system occurred in October 2022.

Risk

Risks associated with accommodating two IT projects simultaneously are being managed via combined weekly meetings with both project core teams. The agency reports network installations have been completed and have moved to a managed service contract. The agency continues training and work on interfaces and received a preview of the GIS data at the end of June, with some geolocation functions still to be completed.

OVERVIEW

Project Phase	Implementation
Start Date	9/23/20
Est. End Date	12/21/21
Revised	3/1/23
Est. Total Cost	$3,000.0

Project Description:

The computer aided dispatch (CAD) project will implement a new dispatch system because the current system is no longer supported. The new system is used to dispatch 911 calls, map call locations, provide automatic vehicle location, and provide National Crime Information Center access.

OVERVIEW

Project Phase	Implementation
Start Date	8/27/20
Est. End Date	6/30/24
Est. Total Cost	$11,030.0
Revised	$9,930.0

Project Description:

The New Mexico longitudinal data system project will comprehensively aggregate and match New Mexico's education and workforce data into a single cloud data platform. Partner agencies include the Early Childhood Education and Care Department, the Public Education Department, the Department of Workforce Solutions, and the Division of Vocational Rehabilitation

New Mexico Longitudinal Data System Project

Overall Status

The Higher Education Department (HED) project entered the implementation phase early June 2022. The partner agencies have been bringing on vendors to the project and attending vendor-led kick-off and technical workshops through this quarter. The Division of Vocational Rehabilitation (DVR) has become a data partner for the project, and the agencies will begin taking in data incrementally starting in October 2022, though public access is not expected until June 2023.

Measure	FY20 Rating	FY21 Rating	FY22 Rating
Budget	NEW	NEW	G
Schedule	NEW	NEW	G
Risk	NEW	NEW	Y
Overall Rating	NEW	NEW	G

Budget

The project received $3.3 million during the 2022 legislative session, with an associated $1 million federal contribution. HED entered into a memorandum of understanding with the Early Childhood Education and Care Department regulating $500 thousand of federal Coronavirus Response and Relief Supplemental Appropriations Act funds transferred to the project and will receive congressionally directed funds for an additional $2 million. The agency is also requesting $3 million in a separate congressional request and was approved for a $559 thousand grant from the Gates Foundation that has not yet been released.

Budget Status Overview
(in thousands)

State	Federal	Total Available Funding[1]	Spent to Date	Balance	% of Appropriations Spent
$3,954.3	$3,500.0	$7,454.3	$453.4	$4,989.6	8.4%

[1]Amount includes $5.6 thousand from DWS and $23.7 thousand from HED. Federal amount includes $500 thousand from ECECD.

Schedule

The agency is seeking additional federal funds and external grant funds, but a misalignment in the timing of federal award determinations and the state appropriations cycle could pose difficulties in determining the extent of budgetary need in future years; pending federal award determinations could pose risk to the schedule for this reason.

Risk

HED has contracted with independent verification and validation vendor for the project, a best-practice oversight that reduces project risk. HED is also expecting the assistance of a Harvard data fellow who will be extensively trained in the system needs for the project, in addition to existing internal staff.

Permitting and Inspection Software Modernization Project

OVERVIEW

Project Phase	Implementation
Start Date	5/23/18
Est. End Date	9/30/23
Est. Total Cost	$7,297.0

Project Description:

The Permitting and Inspection Software Modernization project will modernize and replace the agency's existing legacy permitting and inspection software, Accela.

Overall Status

The Regulation and Licensing Department (RLD) is underway with the Boards and Commissions Division (BCD) phase and is planning for the next set of six boards. However, the agency notes a potential for delays due to system integrator changes, with a new vendor brought on in May 2022, and critical bug issues that are currently outside the scope for this phase.

Measure	FY20 Rating	FY21 Rating	FY22 Rating
Budget	NEW	G	G
Schedule	NEW	Y	Y
Risk	NEW	Y	G
Overall Rating	NEW	Y	G

Budget

The project remains within budget of total appropriated funds and within budget for the current phase. The agency did not receive additional funding for FY23. The agency expects the project to close out at a total cost of around $6.6 million, which is under budget from initial estimates.

Budget Status Overview
(in thousands)

State	Federal	Total Available Funding	Spent to Date	Balance	% of Appropriations Spent
$7,297.0		$7,297.0	$3,697.2	$3,599.8	50.7%

Schedule

The first six boards have moved to production. However, the agency entered into a new vendor contract in May 2022, causing some delay to implementing the final boards, expected by September 2023. RLD is undergoing discovery and development for the next six boards, including those for private investigators, physical therapists, message therapists, occupational therapists, dentists, and pharmacists. However, progress on identifying system requirements for these boards is slower than expected.

Risk

RLD has deployed the counseling and therapy, accountancy, psychology and social work, and real estate boards or commissions as of January 2022. RLD provided an update to the project certification committee in April 2022. RLD has entered into contract with an external help desk for one year to assist with the increase in issue tickets resulting from project vendor changes.

Tables

NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

HB2 - FY24 General Fund Appropriations Summary by Agency

(In thousands)

#	AGENCY	FY23 General Fund Adj. OpBud	FY24 Total General Fund Request	FY24 Total General Fund Growth	FY24 General Fund Increase %	FY24 LFC Rec	FY24 LFC Rec Over/(Under) FY22 OpBud	FY24 LFC Rec Increase %	#
1									1
2	**FEED BILL:**								2
3	11100 Legislative Council Service	$ 7,771.9	$ 8,548.8	$ 776.9	10.0%	$ 8,548.8	$ 776.9	10.0%	3
4	11200 Legislative Finance Committee	$ 5,089.4	$ 5,443.9	$ 354.5	7.0%	$ 5,598.3	$ 508.9	10.0%	4
5	11400 Senate Chief Clerk	$ 1,973.9	$ 2,486.5	$ 512.6	26.0%	$ 2,486.5	$ 512.6	26.0%	5
6	11500 House Chief Clerk	$ 1,901.3	$ 2,408.9	$ 507.6	26.7%	$ 2,408.9	$ 507.6	26.7%	6
7	11700 Legislative Education Study Committee	$ 1,525.4	$ 1,725.0	$ 199.6	13.1%	$ 1,725.0	$ 199.6	13.1%	7
8	11900 Legislative Building Services	$ -	$ -	$ -	-	$ -	$ -	-	8
9	13100 Legislature	$ 2,103.0	$ 3,185.3	$ 1,082.3	51.5%	$ 3,185.3	$ 1,082.3	51.5%	9
10									10
11	**LEGISLATIVE:**	**$ 20,364.9**	**$ 23,798.4**	**$ 3,433.5**	**17%**	**$ 23,952.8**	**$ 3,587.9**	**17.6%**	11
12									12
13	**GENERAL APPROPRIATIONS ACT:**							-	13
14	11100 Legislative Council Service	$ -	$ -	$ -	-	$ -	$ -	-	14
15	11100 Energy Council Dues	$ -	$ -	$ -	-	$ -	$ -	-	15
16	11200 Legislative Finance Committee	$ -	$ -	$ -	-	$ -	$ -	-	16
17	11400 Senate Chief Clerk	$ -	$ -	$ -	-	$ -	$ -	-	17
18	11500 House Chief Clerk	$ -	$ -	$ -	-	$ -	$ -	-	18
19	11700 Legislative Education Study Committee	$ -	$ -	$ -	-	$ -	$ -	-	19
20	11900 Legislative Building Services	$ 4,733.5	$ 5,064.3	$ 330.8	7.0%	$ 5,064.3	$ 330.8	7.0%	20
21	13100 Legislature	$ -	$ -	$ -	-	$ -	$ -	-	21
22									22
23	**LEGISLATIVE:**	**$ 4,733.5**	**$ 5,064.3**	**$ 330.8**	**7.0%**	**$ 5,064.3**	**$ 330.8**	**7.0%**	23
24									24
25	20800 New Mexico Compilation Commission	$ 529.9	$ 529.9	$ -	0.0%	$ 429.9	$ (100.0)	-18.9%	25
26	21000 Judicial Standards Commission	$ 979.4	$ 1,061.0	$ 81.6	8.3%	$ 991.9	$ 12.5	1.3%	26
27	21500 Court of Appeals	$ 7,515.3	$ 8,121.5	$ 606.2	8.1%	$ 7,901.1	$ 385.8	5.1%	27
28	21600 Supreme Court	$ 7,418.2	$ 7,613.2	$ 195.0	2.6%	$ 7,613.2	$ 195.0	2.6%	28
29	21800 Administrative Office of the Courts	$ 41,712.4	$ 44,130.5	$ 2,418.1	5.8%	$ 41,266.8	$ (445.6)	-1.1%	29
30	21900 Supreme Court Building Commission	$ -	$ -	$ -	-	$ -	$ -	-	30
31	23100 First Judicial District Court	$ 11,905.5	$ 12,343.7	$ 438.2	3.7%	$ 12,426.0	$ 520.5	4.4%	31
32	23200 Second Judicial District Court	$ 29,463.8	$ 31,215.5	$ 1,751.7	5.9%	$ 31,314.8	$ 1,851.0	6.3%	32
33	23300 Third Judicial District Court	$ 11,309.0	$ 12,340.3	$ 1,031.3	9.1%	$ 12,639.0	$ 1,330.0	11.8%	33
34	23400 Fourth Judicial District Court	$ 4,398.4	$ 4,839.2	$ 440.8	10.0%	$ 5,071.3	$ 672.9	15.3%	34
35	23500 Fifth Judicial District Court	$ 12,052.7	$ 12,528.3	$ 475.6	3.9%	$ 12,694.9	$ 642.2	5.3%	35
36	23600 Sixth Judicial District Court	$ 6,105.4	$ 6,618.7	$ 513.3	8.4%	$ 6,869.7	$ 764.3	12.5%	36
37	23700 Seventh Judicial District Court	$ 4,448.6	$ 4,790.8	$ 342.2	7.7%	$ 4,678.3	$ 229.7	5.2%	37
38	23800 Eighth Judicial District Court	$ 5,376.3	$ 5,937.9	$ 561.6	10.4%	$ 5,870.5	$ 494.2	9.2%	38
39	23900 Ninth Judicial District Court	$ 5,723.3	$ 6,234.6	$ 511.3	8.9%	$ 6,206.7	$ 483.4	8.4%	39
40	24000 Tenth Judicial District Court	$ 2,015.3	$ 2,182.4	$ 167.1	8.3%	$ 2,172.6	$ 157.3	7.8%	40
41	24100 Eleventh Judicial District Court	$ 12,180.2	$ 13,193.1	$ 1,012.9	8.3%	$ 13,278.4	$ 1,098.2	9.0%	41
42	24200 Twelfth Judicial District Court	$ 5,815.1	$ 6,309.4	$ 494.3	8.5%	$ 6,356.1	$ 541.0	9.3%	42
43	24300 Thirteenth Judicial District Court	$ 12,261.7	$ 13,633.0	$ 1,371.3	11.2%	$ 13,706.3	$ 1,444.6	11.8%	43
44	24400 Bernalillo County Metropolitan Court	$ 27,476.7	$ 28,446.4	$ 969.7	3.5%	$ 28,827.0	$ 1,350.3	4.9%	44
45	25100 First Judicial District Attorney	$ 7,319.8	$ 8,198.3	$ 878.5	12.0%	$ 8,095.5	$ 775.7	10.6%	45
46	25200 Second Judicial District Attorney	$ 27,510.7	$ 27,825.5	$ 314.8	1.1%	$ 28,302.2	$ 791.5	2.9%	46
47	25300 Third Judicial District Attorney	$ 6,000.6	$ 6,702.3	$ 701.7	11.7%	$ 6,446.2	$ 445.6	7.4%	47
48	25400 Fourth Judicial District Attorney	$ 4,016.3	$ 4,457.8	$ 441.5	11.0%	$ 4,311.2	$ 294.9	7.3%	48
49	25500 Fifth Judicial District Attorney	$ 7,003.6	$ 6,881.8	$ (121.8)	-1.7%	$ 6,981.2	$ (22.4)	-0.3%	49
50	25600 Sixth Judicial District Attorney	$ 3,751.1	$ 3,759.9	$ 8.8	0.2%	$ 3,833.8	$ 82.7	2.2%	50
51	25700 Seventh Judicial District Attorney	$ 3,241.3	$ 3,427.9	$ 186.6	5.8%	$ 3,498.9	$ 257.6	7.9%	51
52	25800 Eighth Judicial District Attorney	$ 3,603.4	$ 3,956.8	$ 353.4	9.8%	$ 4,030.5	$ 427.1	11.9%	52
53	25900 Ninth Judicial District Attorney	$ 4,073.1	$ 4,095.8	$ 22.7	0.6%	$ 4,149.7	$ 76.6	1.9%	53
54	26000 Tenth Judicial District Attorney	$ 1,791.9	$ 1,941.2	$ 149.3	8.3%	$ 1,985.4	$ 193.5	10.8%	54
55	26100 Eleventh Judicial District Attorney, Div I	$ 6,025.0	$ 6,936.6	$ 911.6	15.1%	$ 6,343.8	$ 318.8	5.3%	55
56	26200 Twelfth Judicial District Attorney	$ 4,253.6	$ 5,204.3	$ 950.7	22.4%	$ 4,562.1	$ 308.5	7.3%	56
57	26300 Thirteenth Judicial District Attorney	$ 7,033.0	$ 8,229.7	$ 1,196.7	17.0%	$ 7,938.2	$ 905.2	12.9%	57
58	26400 Administrative Office of the District Attorneys	$ 2,892.2	$ 3,635.3	$ 743.1	25.7%	$ 3,195.5	$ 303.3	10.5%	58
59	26500 Eleventh Judicial District Attorney, Division II	$ 3,192.5	$ 3,494.9	$ 302.4	9.5%	$ 3,193.2	$ 0.7	0.0%	59
60	28000 New Mexico Public Defender Department	$ 63,147.4	$ 76,326.5	$ 13,179.1	20.9%	$ 67,509.4	$ 4,362.0	6.9%	60
61									61
62	**JUDICIAL:**	**$ 363,542.7**	**$ 397,144.0**	**$ 33,601.3**	**9.2%**	**$ 384,691.3**	**$ 21,148.6**	**5.8%**	62
63									63
64	30500 Attorney General	$ 15,148.5	$ 52,572.9	$ 37,424.4	247.1%	$ 15,971.5	$ 823.0	5.4%	64
65	30800 State Auditor	$ 3,704.7	$ 4,015.7	$ 311.0	8.4%	$ 3,897.7	$ 193.0	5.2%	65
66	33300 Taxation and Revenue Department	$ 72,664.7	$ 75,704.7	$ 3,040.0	4.2%	$ 75,704.7	$ 3,040.0	4.2%	66
67	33700 State Investment Council	$ -	$ -	$ -	-	$ -	$ -	-	67
68	34000 Administrative Hearings Office	$ 1,963.3	$ 2,310.6	$ 347.3	17.7%	$ 2,041.8	$ 78.5	4.0%	68
69	34100 Department of Finance and Administration	$ 20,188.9	$ 36,513.5	$ 16,324.6	80.9%	$ 21,563.8	$ 1,374.9	6.8%	69
70	34200 Public School Insurance Authority	$ -	$ -	$ -	-	$ -	$ -	-	70
71	34300 Retiree Health Care Authority	$ -	$ -	$ -	-	$ -	$ -	-	71
72	34400 DFA Special Appropriations	$ 8,366.6	$ 8,761.7	$ 395.1	4.7%	$ 8,426.6	$ 60.0	0.7%	72
73	35000 General Services Department	$ 18,700.6	$ 23,816.8	$ 5,116.2	27.4%	$ 19,448.6	$ 748.0	4.0%	73
74	35200 Educational Retirement Board	$ -	$ -	$ -	-	$ -	$ -	-	74
75	35400 New Mexico Sentencing Commission	$ 1,388.6	$ 3,388.6	$ 2,000.0	144.0%	$ 1,438.6	$ 50.0	3.6%	75
76	35600 Governor	$ 5,434.0	$ 5,494.2	$ 60.2	1.1%	$ 5,494.2	$ 60.2	1.1%	76
77	36000 Lieutenant Governor	$ 615.4	$ 639.1	$ 23.7	3.9%	$ 639.1	$ 23.7	3.9%	77
78	36100 Department of Information Technology	$ 2,466.8	$ 7,966.8	$ 5,500.0	223.0%	$ 7,966.8	$ 5,500.0	223.0%	78
79	36600 Public Employees Retirement Association	$ 52.8	$ 58.5	$ 5.7	10.8%	$ 52.8	$ -	0.0%	79
80	36900 State Commission of Public Records	$ 2,768.5	$ 2,827.4	$ 58.9	2.1%	$ 2,991.9	$ 223.4	8.1%	80
81	37000 Secretary of State	$ 14,504.8	$ 19,198.9	$ 4,694.1	32.4%	$ 15,302.7	$ 797.9	5.5%	81
82	37800 Personnel Board	$ 4,109.7	$ 4,117.6	$ 7.9	0.2%	$ 4,117.6	$ 7.9	0.2%	82
83	37900 Public Employee Labor Relations Board	$ 267.5	$ 306.7	$ 39.2	14.7%	$ 276.4	$ 8.9	3.3%	83
84	39400 State Treasurer	$ 4,197.3	$ 4,950.0	$ 752.7	17.9%	$ 4,297.3	$ 100.0	2.4%	84
85									85
86	**GENERAL CONTROL**	**$ 176,542.7**	**$ 252,643.7**	**$ 76,101.0**	**43.1%**	**$ 189,632.1**	**$ 13,089.4**	**7.4%**	86
87									87
88	40400 Board of Examiners for Architects	$ -	$ -	$ -	-	$ -	$ -	-	88
89	41000 Ethics Commission	$ 1,236.3	$ 1,460.2	$ 223.9	18.1%	$ 1,420.7	$ 184.4	14.9%	89

NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

HB2 - FY24 General Fund Appropriations Summary by Agency

(In thousands)

AGENCY	FY23 General Fund Adj. OpBud	FY24 Total General Fund Request	FY24 Total General Fund Growth	FY24 General Fund Increase %	FY24 LFC Rec	FY24 LFC Rec Over/(Under) FY22 OpBud	FY24 LFC Rec Increase %
41700 Border Authority	$ 468.9	$ 468.9	$ -	0.0%	$ 468.9	$ -	0.0%
41800 Tourism Department	$ 20,013.4	$ 28,291.5	$ 8,278.1	41.4%	$ 21,956.3	$ 1,942.9	9.7%
41900 Economic Development Department	$ 17,545.2	$ 27,122.7	$ 9,577.5	54.6%	$ 18,711.7	$ 1,166.5	6.6%
42000 Regulation and Licensing Department	$ 16,646.7	$ 17,406.7	$ 760.0	4.6%	$ 18,057.5	$ 1,410.8	8.5%
43000 Public Regulation Commission	$ 11,100.0	$ 12,208.3	$ 1,108.3	10.0%	$ 11,780.3	$ 680.3	6.1%
44000 Office Superintendent of Insurance	$ -	$ -	$ -	-	$ -	$ -	-
44600 Medical Board	$ -	$ -	$ -	-	$ -	$ -	-
44900 Board of Nursing	$ -	$ -	$ -	-	$ -	$ -	-
46000 New Mexico State Fair	$ 200.0	$ 200.0	$ -	0.0%	$ 375.0	$ 175.0	87.5%
46400 State Brd of Lic for Engin & Land Surveyors	$ -	$ -	$ -	-	$ -	$ -	-
46500 Gaming Control Board	$ 6,105.9	$ 6,899.2	$ 793.3	13.0%	$ 6,411.2	$ 305.3	5.0%
46900 State Racing Commission	$ 2,590.9	$ 2,813.4	$ 222.5	8.6%	$ 2,669.0	$ 78.1	3.0%
47900 Board of Veterinary Medicine	$ -	$ -	$ -	-	$ -	$ -	-
49000 Cumbres and Toltec Scenic Railroad Comm	$ 362.8	$ 362.8	$ -	0.0%	$ 362.8	$ -	0.0%
49100 Office of Military Base Planning and Support	$ 296.2	$ 296.2	$ -	0.0%	$ 296.2	$ -	0.0%
49500 Spaceport Authority	$ 3,878.4	$ 4,098.4	$ 220.0	5.7%	$ 4,088.4	$ 210.0	5.4%
COMMERCE & INDUSTRY	**$ 80,444.7**	**$ 101,628.3**	**$ 21,183.6**	**26%**	**$ 86,598.0**	**$ 6,153.3**	**7.6%**
50500 Cultural Affairs Department	$ 37,967.8	$ 41,059.4	$ 3,091.6	8.1%	$ 39,093.0	$ 1,125.2	3.0%
50800 New Mexico Livestock Board	$ 3,587.5	$ 5,218.2	$ 1,630.7	45.5%	$ 4,391.8	$ 804.3	22.4%
51600 Department of Game and Fish	$ -	$ -	$ -	-	$ -	$ -	-
52100 Energy, Minerals and Natural Resources Depart.	$ 29,358.5	$ 40,179.7	$ 10,821.2	36.9%	$ 32,352.9	$ 2,994.4	10.2%
52200 Youth Conservation Corps	$ -	$ -	$ -	-	$ -	$ -	-
53800 Intertribal Ceremonial Office	$ 328.1	$ -	$ (328.1)	-100.0%	$ 328.1	$ -	0.0%
53900 Commissioner of Public Lands	$ -	$ -	$ -	-	$ -	$ -	-
55000 State Engineer	$ 26,959.7	$ 30,209.7	$ 3,250.0	12.1%	$ 28,744.7	$ 1,785.0	6.6%
AGRICULTURE, ENERGY, & NATURAL RESOURCES:	**$ 98,201.6**	**$ 116,667.0**	**$ 18,465.4**	**18.8%**	**$ 104,910.5**	**$ 6,708.9**	**6.8%**
60100 Commission on the Status of Women	$ -	$ 850.0	$ 850.0	-	$ 295.0	$ 295.0	-
60300 Office of African American Affairs	$ 1,041.3	$ 1,041.3	$ -	0.0%	$ 1,041.3	$ -	0.0%
60400 Comm for Deaf and Hard-of-Hearing Persons	$ 1,286.2	$ 1,831.3	$ 545.1	42.4%	$ 1,326.2	$ 40.0	3.1%
60500 Martin Luther King, Jr. Commission	$ 339.7	$ 630.4	$ 290.7	85.6%	$ 356.7	$ 17.0	5.0%
60600 Commission for the Blind	$ 2,435.9	$ 2,435.9	$ -	0.0%	$ 2,435.9	$ -	0.0%
60900 Indian Affairs Department	$ 4,262.5	$ 4,462.5	$ 200.0	4.7%	$ 4,362.5	$ 100.0	2.3%
61100 Early Childhood Education and Care Department	$ 195,612.4	$ 205,963.7	$ 10,351.3	5.3%	$ 335,612.4	$ 140,000.0	71.6%
62400 Aging and Long-Term Services Department	$ 52,631.0	$ 78,955.3	$ 26,324.3	50.0%	$ 58,491.0	$ 5,860.0	11.1%
63000 Human Services Department	$ 1,347,518.4	$ 1,600,125.3	$ 252,606.9	18.7%	$ 1,616,538.0	$ 269,019.6	20.0%
63100 Workforce Solutions Department	$ 10,482.1	$ 14,408.8	$ 3,926.7	37.5%	$ 10,849.0	$ 366.9	3.5%
63200 Workers' Compensation Administration	$ -	$ -	$ -	-	$ -	$ -	-
64400 Division of Vocational Rehabilitation	$ 6,467.7	$ 6,608.2	$ 140.5	2.2%	$ 6,608.2	$ 140.5	2.2%
64500 Governor's Commission on Disability	$ 1,439.5	$ 1,573.4	$ 133.9	9.3%	$ 1,459.7	$ 20.2	1.4%
64700 Developmental Disabilities Planning Council	$ 7,641.2	$ 9,530.2	$ 1,889.0	24.7%	$ 8,012.0	$ 370.8	4.9%
66200 Miners' Hospital of New Mexico	$ 15.2	$ -	$ (15.2)	-100.0%	$ -	$ (15.2)	-100.0%
66500 Department of Health	$ 353,222.3	$ 391,500.2	$ 38,277.9	10.8%	$ 379,016.8	$ 25,794.5	7.3%
66700 Department of Environment	$ 20,279.5	$ 23,678.8	$ 3,399.3	16.8%	$ 22,309.2	$ 2,029.7	10.0%
66800 Office of the Natural Resources Trustee	$ 665.3	$ 665.3	$ -	0.0%	$ 665.3	$ -	0.0%
67000 Veterans' Services Department	$ 6,150.1	$ 7,577.9	$ 1,427.8	23.2%	$ 6,421.3	$ 271.2	4.4%
68000 Office of Family Representation and Advocacy	$ -	$ 13,589.0	$ 13,589.0	-	$ 6,530.0	$ 6,530.0	-
69000 Children, Youth and Families Department	$ 239,901.7	$ 273,674.2	$ 33,772.5	14.1%	$ 247,302.2	$ 7,400.5	3.1%
HEALTH, HOSPITALS, & HUMAN SERVICES:	**$ 2,251,392.0**	**$ 2,638,251.7**	**$ 386,859.7**	**17.2%**	**$ 2,709,337.7**	**$ 457,945.7**	**20.3%**
70500 Department of Military Affairs	$ 7,844.3	$ 10,277.5	$ 2,433.2	31.0%	$ 8,872.2	$ 1,027.9	13.1%
76000 Parole Board	$ 641.0	$ 725.1	$ 84.1	13.1%	$ 725.1	$ 84.1	13.1%
76500 Juvenile Parole Board	$ 7.6	$ 7.6	$ -	0.0%	$ 7.6	$ -	0.0%
77000 Corrections Department	$ 335,400.7	$ 337,615.1	$ 2,214.4	0.7%	$ 340,728.6	$ 5,327.9	1.6%
78000 Crime Victims Reparation Commission	$ 9,881.6	$ 12,881.6	$ 3,000.0	30.4%	$ 11,072.3	$ 1,190.7	12.0%
79000 Department of Public Safety	$ 150,160.7	$ 163,146.5	$ 12,985.8	8.6%	$ 159,245.3	$ 9,084.6	6.0%
79500 Homeland Security and Emergency Mgmt	$ 3,444.9	$ 3,444.9	$ -	0.0%	$ 3,444.9	$ -	0.0%
PUBLIC SAFETY:	**$ 507,380.8**	**$ 528,098.3**	**$ 20,717.5**	**4.1%**	**$ 524,096.0**	**$ 16,715.2**	**3.3%**
80500 Department of Transportation	$ -	$ -	$ -	-	$ -	$ -	-
TRANSPORTATION:	**$ -**	**$ -**	**$ -**	**-**	**$ -**	**$ -**	**-**
92400 Public Education Department	$ 20,869.0	$ 24,344.0	$ 3,475.0	16.7%	$ 22,589.0	$ 1,720.0	8.2%
92500 Public Education Dept.-Special Approps	$ 37,710.0	$ 46,446.6	$ 8,736.6	23.2%	$ 34,596.6	$ (3,113.4)	-8.3%
93000 Regional Education Cooperatives	$ 1,100.0	$ 1,100.0	$ -	0.0%	$ 1,350.0	$ 250.0	22.7%
94000 Public School Facilities Authority	$ -	$ -	$ -	-	$ -	$ -	-
OTHER EDUCATION:	**$ 59,679.0**	**$ 71,890.6**	**$ 12,211.6**	**20.5%**	**$ 58,535.6**	**$ (1,143.4)**	**-1.9%**
95000 Higher Education Department	$ 47,556.2	$ 152,781.8	$ 105,225.6	221.3%	$ 60,789.7	$ 13,233.5	27.8%
95200 University of New Mexico	$ 389,129.2	$ 417,553.2	$ 28,424.0	7.3%	$ 405,971.1	$ 16,841.9	4.3%
95400 New Mexico State University	$ 241,746.6	$ 257,876.7	$ 16,130.1	6.7%	$ 251,798.5	$ 10,051.9	4.2%
95600 New Mexico Highlands University	$ 38,039.5	$ 39,909.5	$ 1,870.0	4.9%	$ 39,309.5	$ 1,270.0	3.3%
95800 Western New Mexico University	$ 27,667.1	$ 30,704.9	$ 3,037.8	11.0%	$ 29,878.2	$ 2,211.1	8.0%
96000 Eastern New Mexico University	$ 57,982.7	$ 61,063.4	$ 3,080.7	5.3%	$ 60,116.0	$ 2,133.3	3.7%
96200 NM Institute of Mining and Technology	$ 45,887.0	$ 49,420.4	$ 3,533.4	7.7%	$ 47,492.7	$ 1,605.7	3.5%
96400 Northern New Mexico College	$ 13,044.6	$ 14,183.2	$ 1,138.6	8.7%	$ 14,118.4	$ 1,073.8	8.2%
96600 Santa Fe Community College	$ 17,162.5	$ 18,261.5	$ 1,099.0	6.4%	$ 17,769.8	$ 607.3	3.5%
96800 Central New Mexico Community College	$ 69,554.5	$ 74,725.6	$ 5,171.1	7.4%	$ 72,873.1	$ 3,318.6	4.8%
97000 Luna Community College	$ 8,901.8	$ 9,296.0	$ 394.2	4.4%	$ 9,145.1	$ 243.3	2.7%
97200 Mesalands Community College	$ 4,887.9	$ 5,514.7	$ 626.8	12.8%	$ 5,004.9	$ 117.0	2.4%
97400 New Mexico Junior College	$ 7,805.4	$ 10,022.8	$ 2,217.4	28.4%	$ 8,347.6	$ 542.2	6.9%
97500 Southeast New Mexico College	$ 4,992.7	$ 5,456.8	$ 464.1	9.3%	$ 5,426.6	$ 433.9	8.7%
97600 San Juan College	$ 28,428.0	$ 30,748.6	$ 2,320.6	8.2%	$ 30,249.7	$ 1,821.7	6.4%

NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

HB2 - FY24 General Fund Appropriations Summary by Agency

(In thousands)

	AGENCY	FY23 General Fund Adj. OpBud	FY24 Total General Fund Request	FY24 Total General Fund Growth	FY24 General Fund Increase %	FY24 LFC Rec	FY24 LFC Rec Over/(Under) FY22 OpBud	FY24 LFC Rec Increase %
179	97700 Clovis Community College	$ 11,708.9	$ 12,121.1	$ 412.2	3.5%	$ 11,989.9	$ 281.0	2.4%
180	97800 New Mexico Military Institute	$ 4,109.8	$ 4,286.2	$ 176.4	4.3%	$ 4,286.2	$ 176.4	4.3%
181	97900 NM School for the Blind and Visually Impaired	$ 1,954.1	$ 2,159.4	$ 205.3	10.5%	$ 2,152.7	$ 198.6	10.2%
182	98000 New Mexico School for the Deaf	$ 4,795.9	$ 5,054.9	$ 259.0	5.4%	$ 5,054.9	$ 259.0	5.4%
183								
184	**HIGHER EDUCATION:**	**$ 1,025,354.4**	**$ 1,201,140.7**	**$ 175,786.3**	**17.1%**	**$ 1,081,774.6**	**$ 56,420.2**	**5.5%**
185								
186	99300 Public School Support	$ 3,812,922.2	$ 4,044,030.5	$ 231,108.3	6.1%	$ 4,077,425.6	$ 264,503.4	6.9%
187								
188	**PUBLIC SCHOOL SUPPORT:**	**$ 3,812,922.2**	**$ 4,044,030.5**	**$ 231,108.3**	**6.1%**	**$ 4,077,425.6**	**$ 264,503.4**	**6.9%**
189								
190		$ -	$ -	$ -	-	$ -	$ -	-
191	Public Schools LGPF to PERF	$ -	$ -	$ -	-	$ 94,000.0	$ 94,000.0	-
192	Compensation - 5% (Agencies/Higher Ed-Schools in SEG)	$ -	$ -	$ -	-	$ 93,535.5	$ 93,535.5	-
193	Health Premiums-State Agencies	$ -	$ -	$ -	-	$ 10,000.0	$ 10,000.0	-
194		$ -	$ -	$ -	-		$ -	-
195								
196	**COMPENSATION/OTHER**	**$ -**	**$ -**	**$ -**	**-**	**$ 197,535.5**	**$ 197,535.5**	**0.0%**
197								
198	**TOTAL GENERAL APPROPRIATION ACTS**	**$ 8,380,193.6**	**$ 9,356,559.1**	**$ 976,365.5**	**11.7%**	**$ 9,419,601.2**	**$ 1,039,407.6**	**12.4%**
199								
200	**TOTAL FEED BILL AND GENERAL APPROPRIATION ACT**	**$ 8,400,558.5**	**$ 9,380,357.5**	**$ 979,799.0**	**11.7%**	**$ 9,443,554.0**	**$ 1,042,995.5**	**12.4%**

Table 2: U.S. and New Mexico Economic Indicators

U.S. and New Mexico Economic Indicators

		FY22		FY23		FY24		FY25		FY26		FY27	
		Aug 22 Forecast	Dec 22 Forecast	Aug 22 Forecast	Dec 22 Forecast	Aug 22 Forecast	Dec 22 Forecast	Aug 22 Forecast	Dec 22 Forecast	Aug 22 Forecast	Dec 22 Forecast	Aug 22 Forecast	Dec 22 Forecast
	National Economic Indicators												
IHS	US Real GDP Growth (annual avg.,% YOY)*	3.8	4.0	0.7	0.4	1.6	0.4	2.2	1.7	2.3	1.9	1.9	1.8
Moody's	US Real GDP Growth (annual avg. ,% YOY)*	3.9	4.0	1.4	0.8	2.4	1.4	2.8	2.5	2.7	2.9	2.6	
IHS	US Inflation Rate (CPI-U, annual avg., % YOY)**	7.1	7.2	5.7	6.6	2.4	3.0	1.7	2.5	2.1	2.2	2.2	2.2
Moody's	US Inflation Rate (CPI-U, annual avg., % YOY)**	7.1	7.2	5.4	6.4	2.2	2.8	2.3	2.3	2.3	2.1	2.2	
IHS	Federal Funds Rate (%)	0.3	0.3	3.0	3.8	3.3	4.8	2.7	3.6	2.6	2.7	2.6	2.6
Moody's	Federal Funds Rate (%)	0.3	0.3	2.8	3.8	3.2	4.4	2.6	3.5	2.5	2.6	2.5	2.5
	New Mexico Labor Market and Income Data												
BBER	NM Non-Agricultural Employment Growth (%)	5.4	4.2	1.8	1.2	0.8	0.4	0.8	0.6	1.1	0.8	0.9	0.8
Moody's	NM Non-Agricultural Employment Growth (%)	5.4	5.4	2.5	2.8	1.3	1	0.9	0.9	0.4	0.5	0.2	0.2
BBER	NM Nominal Personal Income Growth (%)***	7.0	7.5	0.3	0.7	4.5	4.4	4.8	4.5	4.8	4.7	4.6	4.3
Moody's	NM Nominal Personal Income Growth (%)***	7.0	7.5	3.1	0.9	5.8	6.4	5.1	5	4.4	4.2	4.4	4.5
BBER	NM Total Wages & Salaries Growth (%)	10.9	10.0	5.6	6.1	4.0	3.9	4.3	3.8	4.4	3.7	3.7	3.3
Moody's	NM Total Wages & Salaries Growth (%)	11.9	10	9.1	8.1	6.2	6.8	5.3	5.5	4.6	4.9	4.4	4.3
BBER	NM Private Wages & Salaries Growth (%)	12.7	12.4	5.9	7.2	4.1	3.9	4.3	3.7	4.5	3.7	3.7	3.3
BBER	NM Real Gross State Product (% YOY)	2.1	1.7	2.4	1.1	2.2	1.1	2.1	1.9	1.9	1.8	2.1	2.1
Moody's	NM Real Gross State Product (% YOY)	2.2	1.7	1.8	1.5	2.1	1.8	2.3	2.0	2.4	2.5	2.4	2.6
CREG	NM Gross Oil Price ($/barrel)	$86.50	$88.11	$90.50	$85.00	$78.50	$76.50	$72.00	$72.50	$70.00	$70.50	$68.50	$69.00
CREG	NM Net Oil Price ($/barrel)*****	$76.07	$77.44	$79.46	$74.63	$68.92	$67.17	$63.22	$63.66	$61.46	$61.90	$60.14	$60.58
BBER	Oil Volumes (million barrels)	519	531	523	556	522	551	526	554	531	560	534	564
CREG	NM Taxable Oil Volumes (million barrels)	529	531	590	620	640	660	675	710	710	745	725	775
	NM Taxable Oil Volumes (%YOY growth)	29.9%	30.3%	11.4%	16.7%	8.5%	6.5%	5.5%	7.6%	5.2%	4.9%	2.1%	4.0%
CREG	NM Gross Gas Price ($ per thousand cubic feet)****	$6.90	$7.03	$6.95	$7.05	$4.75	$5.60	$4.30	$5.15	$4.30	$5.05	$4.15	$4.95
CREG	NM Net Gas Price ($ per thousand cubic feet)*****	$5.37	$5.47	$5.42	$5.49	$3.28	$4.26	$2.97	$3.89	$2.97	$3.79	$2.87	$3.69
BBER	Gas Volumes (billion cubic feet)	2,545	2,586	2,611	2,662	2,598	2,641	2,601	2,642	2,632	2,674	2,636	2,680
CREG	NM Taxable Gas Volumes (billion cubic feet)	2,585	2,586	2,750	2,875	2,895	3,015	2,995	3,120	3,080	3,200	3,140	3,255
	NM Taxable Gas Volumes (%YOY growth)	21.0%	21.1%	6.4%	11.2%	5.3%	4.9%	3.5%	3.5%	2.8%	2.6%	1.9%	1.7%

Notes
* Real GDP is BEA chained 2012 dollars, billions, annual rate
** CPI is all urban, BLS 1982-84=1.00 base
***Nominal Personal Income growth rates are for the calendar year in which each fiscal year begins
****The gross gas prices are estimated using a formula of NYMEX, EIA, and IHS Markit future prices
*****The net oil and gas prices represent calculated prices based on taxable values of the product after deductions for transportation, processing, and royalties
Sources: BBER - July 2022 FOR-UNM baseline. IHS Global Insight - July 2022 baseline.

DFA Notes
* Real GDP is BEA chained 2012 dollars, billions, annual rate
** CPI is all urban, BLS 1982-84=1.00 base.
***Nominal Personal Income growth rates are for the calendar year in which each fiscal year begins
****The gross gas prices are estimated using a formula of NYMEX, EIA, and Moodys January future prices
*****The net oil and gas prices represent calculated prices based on taxable values of the product after deductions for transportation, processing, and royalties
Sources: Moody's baseline

Table 3: General Fund Consensus Revenue Estimate

General Fund Consensus Revenue Estimate - December 2022

Revenue Source	FY22 Aug 22 Est.	FY22 Dec 22 Actual	FY22 Change from Prior (Aug 22)	FY22 % Change from FY21	FY22 $ Change from FY21	FY23 Aug 22 Est.	FY23 Dec 22 Est.	FY23 Change from Prior (Aug 22)	FY23 % Change from FY22	FY23 $ Change from FY22	FY24 Aug 22 Est.	FY24 Dec 22 Est.	FY24 Change from Prior (Aug 22)	FY24 % Change from FY23	FY24 $ Change from FY23
Base Gross Receipts Tax	3,376.2	3,536.4	160.2	19.0%	564.7	3,323.9	3,830.8	506.9	8.3%	294.4	3,417.8	3,802.6	384.8	-0.7%	(28.2)
F&M Hold Harmless Payments	(110.5)	(108.5)	2.0	-10.6%	12.9	(105.9)	(107.7)	(1.8)	-0.8%	0.8	(97.1)	(99.0)	(1.9)	-8.0%	8.6
NET Gross Receipts Tax	3,265.7	3,427.9	162.3	20.3%	577.6	3,218.0	3,723.1	505.1	8.6%	295.2	3,320.7	3,703.6	382.9	-0.5%	(19.6)
Compensating Tax	65.4	63.1	(2.3)	-1.2%	(0.8)	64.4	68.4	4.0	8.3%	5.3	66.2	67.9	1.7	-0.7%	(0.5)
TOTAL GENERAL SALES	3,331.1	3,491.0	160.0	19.8%	576.9	3,282.4	3,791.5	509.1	8.6%	300.5	3,386.9	3,771.4	384.5	-0.5%	(20.1)
Tobacco Products and Cigarette Taxes	83.2	82.8	(0.4)	-8.5%	(7.7)	81.5	79.3	(2.2)	-4.2%	(3.5)	80.3	77.4	(2.9)	-2.4%	(1.9)
Liquor Excise	25.5	25.0	(0.5)	1.7%	0.4	24.7	24.9	0.2	-0.7%	(0.2)	24.9	25.1	0.2	0.9%	0.2
Cannabis Excise	5.4	5.1	(0.4)	N/A	N/A	22.7	23.3	0.5	358.1%	18.2	24.6	25.1	0.5	8.0%	1.9
Insurance Taxes	294.7	320.8	26.1	9.6%	28.2	346.6	344.8	(1.8)	7.5%	24.0	363.2	363.8	0.6	5.5%	19.0
Fire Protection Fund Reversion	-	-	-	-100.0%	(12.0)	-	-	-	N/A	N/A	-	-	-	N/A	N/A
Motor Vehicle Excise	153.6	155.3	1.7	-10.8%	(18.8)	156.9	162.6	5.7	4.7%	7.3	151.5	164.6	13.1	1.2%	2.0
Gaming Excise	67.7	68.4	0.7	177.3%	43.7	65.7	68.7	3.0	0.5%	0.3	67.5	70.0	2.5	1.9%	1.3
Leased Vehicle & Other	7.5	7.3	(0.2)	33.6%	1.8	6.5	5.1	(1.4)	-30.4%	(2.2)	6.4	5.3	(1.1)	3.9%	0.2
TOTAL SELECTIVE SALES	637.6	664.7	27.1	6.5%	40.7	704.6	708.7	4.0	6.6%	43.9	718.5	731.4	12.9	3.2%	22.7
Personal Income Tax	2,328.1	2,327.6	(0.5)	22.2%	423.5	2,265.1	2,392.5	127.4	2.8%	64.9	2,216.7	2,321.7	105.0	-3.0%	(70.8)
Gross Corporate Income Tax	364.9	404.4	39.5	113.4%	214.9	317.6	393.8	76.2	-2.6%	(10.6)	334.4	409.4	75.0	4.0%	15.6
CIT Refundable Credits	(60.5)	(60.5)	-	52.0%	(20.7)	(116.2)	(101.8)	14.4	68.3%	(41.3)	(144.9)	(144.9)	-	42.3%	(43.1)
NET Corporate Income Tax	304.4	343.9	39.5	129.7%	194.2	201.4	292.0	90.6	-15.1%	(51.9)	189.5	264.5	75.0	-9.4%	(27.5)
TOTAL INCOME TAXES	2,632.5	2,671.5	39.0	30.1%	617.7	2,466.5	2,684.5	218.0	0.5%	13.0	2,406.2	2,586.2	180.0	-3.7%	(98.3)
Gross Oil and Gas School Tax	1,825.9	1,865.8	39.9	144.5%	1,102.7	2,075.3	2,091.2	15.9	12.1%	225.4	1,771.9	1,912.9	141.0	-8.5%	(178.3)
Excess to TSR or Early Childhood Trust Fund	(1,300.3)	(1,340.1)	(39.9)	291.0%	(997.4)	(1,245.3)	(1,253.2)	(7.9)	-6.5%	86.9	(617.0)	(746.9)	(129.9)	-40.4%	506.4
NET Oil & Gas School Tax	525.7	525.7	0.0	25.0%	105.3	830.0	838.0	8.0	59.4%	312.3	1,154.9	1,166.1	11.1	39.2%	328.1
Oil Conservation Tax	99.3	99.7	0.4	151.7%	60.1	113.5	113.6	0.1	14.0%	13.9	99.9	105.4	5.5	-7.2%	(8.2)
Resources Excise Tax	8.7	8.7	0.0	28.2%	1.9	7.8	7.8	-	-10.5%	(0.9)	7.8	7.8	-	0.0%	-
Natural Gas Processors Tax	10.0	10.2	0.2	-2.9%	(0.3)	35.5	42.0	6.5	312.0%	31.8	52.5	63.4	10.9	51.0%	21.4
TOTAL SEVERANCE TAXES	643.7	644.2	0.6	35.0%	166.9	986.8	1,001.4	14.6	55.4%	357.1	1,315.1	1,342.6	27.5	34.1%	341.3
LICENSE FEES	59.9	56.7	(3.2)	160.2%	34.9	59.6	56.8	(2.8)	0.1%	0.1	59.2	56.7	(2.5)	-0.2%	(0.1)
LGPF Interest	780.0	787.8	7.8	9.2%	66.3	872.6	875.4	2.8	11.1%	87.5	946.5	1,173.9	227.4	34.1%	298.5
STO Interest	(118.6)	(118.3)	0.3	-2312.1%	(123.6)	(52.3)	26.6	78.9	-122.5%	144.9	125.6	196.9	71.3	640.2%	170.3
STPF Interest	246.4	246.4	-	5.3%	12.4	265.8	265.8	(0.0)	7.9%	19.4	284.2	279.2	(5.0)	5.0%	13.4
TOTAL INTEREST	907.8	915.9	8.1	-4.7%	(45.0)	1,086.1	1,167.8	81.7	27.5%	251.8	1,356.3	1,649.9	293.6	41.3%	482.2
Gross Federal Mineral Leasing	2,000.5	2,256.7	256.2	178.1%	1,445.2	2,356.9	3,036.3	679.5	34.5%	779.6	2,334.1	2,727.2	393.1	-10.2%	(309.1)
Excess to Early Childhood Trust Fund	(1,245.5)	(1,501.5)	(256.1)	N/A	N/A	(1,347.9)	(1,917.1)	(569.2)	27.7%	(415.5)	(966.6)	(1,113.5)	(146.9)	-41.9%	803.5
NET Federal Mineral Leasing	755.1	755.2	0.1	-6.9%	(56.3)	1,009.0	1,119.3	110.3	48.2%	364.1	1,367.5	1,613.7	246.2	44.2%	494.4
State Land Office	52.9	52.9	0.0	26.8%	11.2	58.8	54.4	(4.4)	2.8%	1.5	54.4	50.0	(4.5)	-8.2%	(4.5)
TOTAL RENTS & ROYALTIES	808.0	808.1	0.1	-5.3%	(45.2)	1,067.8	1,173.7	105.9	45.2%	365.6	1,421.9	1,663.6	241.7	41.7%	489.9
TRIBAL REVENUE SHARING	71.9	71.4	(0.5)	48.3%	23.3	76.2	76.9	0.7	7.6%	5.4	78.2	78.7	0.5	2.4%	1.9
MISCELLANEOUS RECEIPTS	49.2	41.2	(7.9)	0.3%	0.1	42.1	38.9	(3.2)	-5.8%	(2.4)	41.7	39.2	(2.5)	0.9%	0.4
REVERSIONS	75.0	310.4	235.4	242.8%	219.8	75.0	75.0	-	-75.8%	(235.4)	75.0	75.0	-	0.0%	-
TOTAL RECURRING	9,216.6	9,675.3	458.7	19.7%	1,590.1	9,847.1	10,775.1	928.0	11.4%	1,099.8	10,859.0	11,994.9	1,135.9	11.3%	1,219.8
2022 Nonrecurring Legislation	(900.3)	(897.6)	2.7		(897.6)	(105.6)	(68.2)	37.4	-92.4%	829.5	-	-	-	-	-
2021 Nonrecurring Legislation	(3.6)	(5.2)	(1.6)	-96.5%	143.6	-	(0.6)	(0.6)	-88.5%	4.6	-	-	-	-	0.6
Other Nonrecurring	-	-	-	-100.0%	(114.6)	-	-	-	-	-	-	-	-	-	-
TOTAL NONRECURRING	(903.9)	(902.9)	1.1	2543.5%	(868.7)	(105.6)	(68.8)	36.8	-92.4%	834.1	-	-	-	-	-
					-										
GRAND TOTAL General Fund	8,312.7	8,772.5	459.7	9.0%	721.4	9,741.5	10,706.3	964.8	22.0%	1,933.9	10,859.0	11,994.9	1,135.9	12.0%	1,288.6

General Fund Financial Summary: LFC Budget Recommendation

(millions of dollars)

APPROPRIATION ACCOUNT	Actual FY2022	Estimate FY2023	Estimate FY2024
REVENUE			
Recurring Revenue			
August 2022 Consensus Revenue Estimate	$ 9,216.6	$ 9,847.1	$ 10,859.0
December 2022 Consensus Revenue Update	$ 458.7	$ 928.0	$ 1,135.9
2023 Legislative Session Recurring Revenue Legislation	$ -	$ -	$ (1,000.0)
Total Recurring Revenue	$ 9,675.3	$ 10,775.1	$ 10,994.9
Percent Change in Recurring Revenue	*19.7%*	*11.4%*	*2.0%*
Nonrecurring Revenue			
Federal ARPA Funds	$ 1,069.2	$ -	$ -
Nonrecurring Reversions from the Federal CRF/CARES	$ -	$ -	$ -
2021/2022 Nonrecurring Revenue Legislation	$ (902.9)	$ (68.8)	$ -
2023 Legislative Session Nonrecurring Revenue Legislation	$ -	$ -	$ -
Total Nonrecurring Revenue	$ 166.3	$ (68.8)	$ -
TOTAL REVENUE	**$ 9,841.6**	**$ 10,706.3**	**$ 10,994.9**
APPROPRIATIONS			
Recurring Appropriations			
2021 Regular and Special Sessions Legislation & Feed Bill (pre-veto)	$ 7,449.7	$ -	
2022 Regular Session Recurring Legislation & Feed Bill	$ 7.6	$ 8,404.3	$ -
2023 Regular Session Recurring Legislation & Feed Bill	$ -	$ 14.7	$ 9,443.1
Total Operating Budget	$ 7,457.3	$ 8,419.0	$ 9,443.1
Nonrecurring Appropriations			
2021 Regular and Special Session ARPA Appropriations (post-veto)	$ 345.4	$ -	
2022 Regular Session ARPA Related Nonrecurring	$ 274.2	$ 450.2	$ -
2022 Regular Session Nonrecurring	$ 1,056.0	$ 100.0	$ -
2023 Regular Session ARPA Related Nonrecurring	$ -	$ 140.0	$ -
2023 Regular Session Nonrecurring	$ -	$ 2,038.8	$ 1,492.0
Total Nonrecurring Appropriations	$ 1,675.6	$ 2,729.0	$ 1,492.0
Subtotal Recurring and Nonrecurring Appropriations	$ 9,133.0	$ 11,148.0	$ 10,935.1
Audit Adjustments			
2022 GAA Undistributed Nonrecurring Appropriations[1]	$ (448.1)	$ 448.1	
TOTAL APPROPRIATIONS	**$ 8,684.9**	**$ 11,596.0**	**$ 10,935.1**
Transfer to (from) Operating Reserves	$ 707.2	$ (299.6)	$ 59.8
Transfer to (from) Appropriation Contingency Fund (ARPA Funds)	$ 450.2	$ (590.2)	$ -
TOTAL REVENUE LESS TOTAL APPROPRIATIONS	$ 1,156.7	$ (889.8)	$ 59.8
GENERAL FUND RESERVES			
Beginning Balances	$ 2,504.8	$ 3,680.3	$ 2,691.0
Transfers from (to) Appropriations Account	$ 707.2	$ (299.6)	$ 59.8
Revenue and Reversions	$ 2,548.9	$ 1,353.4	$ 850.7
Appropriations, Expenditures and Transfers Out	$ (2,080.7)	$ (2,043.0)	$ (765.4)
Ending Balances	**$ 3,680.3**	**$ 2,691.0**	**$ 2,836.2**
Reserves as a Percent of Recurring Appropriations	*49.4%*	*32.0%*	*30.0%*

Notes:

1) Many nonrecurring appropriations, including specials and supplementals in the GAA, had authorization to spend in multiple fiscal years - amounts that were not distributed in the first year become encumbrances for the next year.

* Note: totals may not foot due to rounding

General Fund Financial Summary: LFC Budget Recommendation

RESERVE DETAIL

(millions of dollars)

	Prelim. FY2022	Estimate FY2023	Estimate FY2024
OPERATING RESERVE			
Beginning Balance	$ 347.5	$ 565.8	$ 263.8
BOF Emergency Appropriations/Reversions	$ (2.5)	$ (2.5)	$ (2.5)
Transfers from (to) Appropriation Account	$ 707.2	$ (299.6)	$ 59.8
Transfers to Tax Stabilization Reserve	$ (459.9)	$ -	$ -
Disaster Allotments [1]	$ (26.4)	$ -	$ -
Transfer from (to) ACF/Other Appropriations	$ -	$ -	$ -
Revenues and Reversions	$ -	$ -	$ -
Transfers from tax stabilization reserve	$ -	$ -	$ -
Transfers from tax stabilization reserve to restore balance to 1 percent [4]	$ -	$ -	$ -
Ending Balance	$ 565.8	$ 263.8	$ 321.1
APPROPRIATION CONTINGENCY FUND			
Beginning Balance	$ 55.5	$ 460.7	$ 2.5
Disaster Allotments	$ (55.5)	$ (16.0)	$ (16.0)
ARPA Appropriation from 2021 Second Special Session	$ (345.4)	$ -	$ -
Other ARPA Appropriations (including 2022, 2023 Regular Sessions)	$ (274.2)	$ (450.2)	$ -
Transfers In [9]	$ 1,069.2	$ -	$ -
Revenue and Reversions	$ 11.2	$ 8.0	$ 8.0
Audit and Pre-Audit Adjustments			
Ending Balance	$ 460.7	$ 2.5	$ (5.5)
STATE SUPPORT FUND			
Beginning Balance	$ 4.0	$ 49.5	$ 28.6
Revenues [2]	$ 15.5	$ -	$ -
Appropriations to State Support Reserve Fund [6]	$ 30.0	$ -	$ -
Impact Aid Liability FY20	$ -	$ (20.9)	
Impact Aid Liability FY21		$ -	$ -
Audit Adjustments	$ -	$ -	$ -
Ending Balance	$ 49.5	$ 28.6	$ 28.6
TOBACCO SETTLEMENT PERMANENT FUND (TSPF)[8]			
Beginning Balance	$ 285.3		
Transfers In [3]	$ 36.5		
Appropriation to Tobacco Settlement Program Fund [3]	$ (36.5)		
Gains(Losses)	$ 14.9		
Additional Transfers from (to) TSPF	$ -		
Ending Balance	$ 300.2		
TAX STABILIZATION RESERVE (RAINY DAY FUND)			
Beginning Balance	$ 1,812.6	$ 2,304.1	$ 2,396.2
Revenues from Excess Oil and Gas Emergency School Tax	$ 1,340.1	$ 1,253.2	$ 746.9
Gains(Losses)	$ 31.6	$ 92.2	$ 95.8
Transfers In (From Operating Reserve)	$ 459.9	$ -	$ -
Transfer Out to Operating Reserve [4,5]	$ -	$ -	$ -
Transfer Out to Early Childhood Trust Fund [7]	$ (1,340.1)	$ (1,253.2)	$ (746.9)
Ending Balance	$ 2,304.1	$ 2,396.2	$ 2,492.1
Percent of Recurring Appropriations	*30.9%*	*28.5%*	*26.4%*
TOTAL GENERAL FUND ENDING BALANCES	**$ 3,680.3**	**$ 2,691.0**	**$ 2,836.2**
Percent of Recurring Appropriations	*49.4%*	*32.0%*	*30.0%*

Notes:

1) DFA using operating reserve to cover disaster allotments due to low balance in the appropriation contingency fund. FY20 includes $35.5 million for COVID-19 related responses.

2) Laws 2021, Chapter 137 (HB2, Section 10-11) includes a $15.5 million transfer from the repealed K-3 Plus Program Fund to the state support reserve.

3) Laws 2021, Chapter 60 (SB 187) allows use of 100% of revenue for tobacco program fund in FY22.

4) Laws 2020, Chapter 34 (House Bill 341) transfers from the tax stabilization reserve to the operating reserve if operating reserve balances are below one percent of appropriations, up to an amount necessary for the operating reserve to be one percent of total appropriations for the current year.

5) 2022 GAA authorized a transfer of up to $95 million from the TSR.

6) Laws 2022, Chapter 54 (HB2, Section 5-112) includes a $30 million appropriation to the state support reserve fund.

7) Laws 2020, Chapter 3 (HB83, Section 4) provides that oil and gas school tax revenue in excess of the five-year average be transferred to the Early Childhood Trust Fund instead of the tax stabilization reserves if reserve balances exceed 25 percent of recurring appropriations.

8) The LFC recommendation includes removal of the Tobacco Settlement Permanent Fund from reserve calculations.

* Note: totals may not foot due to rounding

2023 Section 5, 6, 7, and 9 Appropriations and Fund Transfers

	Sec.	Agency	Language	Agency Request GF	Agency Request OSF	Agency Request INT	Agency Request FED	Agency Request Total	LFC Recommendation GF	LFC Recommendation OSF	LFC Recommendation INT	LFC Recommendation FED	LFC Recommendation Total
1	5	Legislative Finance Committee	For a joint study with the department of finance and administration, in consultation with appropriate stakeholders, on the State Personnel Act and the state's system of classification and compensation.						$1,200.0				$1,200.0
2	5	Court of Appeals	For subscription and licensing fees to convert audio recordings of trials and hearings to written transcripts.	$84.0				$84.0					
3	5	Court of Appeals	For technology upgrades, including replacement computers, updated software and internet connectivity, and building access system and building improvements.	$68.3				$68.3	$130.0				$130.0
4	5	Court of Appeals	To replace aging furniture in Santa Fe and Albuquerque judges' chambers and common areas.	$75.0				$75.0					
5	5	Supreme Court	For pro tem judges to address court backlog.	$100.0				$100.0	$100.0				$100.0
6	5	Supreme Court	To purchase and install a backup generator for the New Mexico supreme court building.	$975.0				$975.0	$975.0				$975.0
7	5	Supreme Court	For security upgrades, including replacing outdated security camera and access control systems, at the New Mexico supreme court.	$500.0				$500.0	$2,000.0				$2,000.0
8	5	Supreme Court	To replace the existing video conferencing solution at the New Mexico supreme court courtroom with new hybrid video streaming technology equipment.	$135.0				$135.0	$135.0				$135.0
9	5	Administrative Office of the Courts	The period of time for expending two hundred forty seven thousand, six hundred dollars ($247,600) appropriated from the general fund in Paragraph (1) of Subsection B of Section 2 of Chapter 140 of Laws 0f 2021 for courthouse security equipment and personnel, expenses related to the coronavirus disease 2019, case backlog, alternative dispute resolution and settlement programs, updating electronic records and data entry statewide is extended through fiscal year 2024.										
10	5	Administrative Office of the Courts	The period of time for expending the five hundred sixty four thousand dollars ($564,000) from general fund and nine hundred thirty four thousand dollars ($934,000) from the consumer settlement fund in Subsection 13 of Section 5 of Chapter 83 of Laws of 2020 for the administrative office of the courts moving and related costs is extended through fiscal year 2024.										

2023 Section 5, 6, 7, and 9 Appropriations and Fund Transfers

				Agency Request					LFC Recommendation				
	Sec.	Agency	Language	GF	OSF	INT	FED	Total	GF	OSF	INT	FED	Total
11	5	Administrative Office of the Courts	The period of time for expending the five hundred thousand dollars ($500,000) appropriated from the general fund in Subsection C of Section 2 of Chapter 1 of Laws 2021 to address expungement of arrest and conviction records for certain cannabis-related offenses is extended through fiscal year 2024.										
12	5	Administrative Office of the Courts	The period of time for expending the one million dollars ($1,000,000) appropriated from the developmental disabilities planning council in Subsection 5 of Section 5 of Chapter 73 of Laws of 2018 for reforming the New Mexico guardianship system is extended through fiscal year 2024.										
13	5	Administrative Office of the Courts	The period of time for expending the eighty thousand dollars ($80,000) appropriated from the general fund in Subsection 11 of Section 5 of Chapter 83 of Laws 2020 for temporary relocation and renovation costs for the magistrate court in Grant county is extended through fiscal year 2024.										
14	5	Administrative Office of the Courts	The period of time for expending six hundred forty eight thousand dollars ($648,000) appropriated from the general fund in Subsection 16 of Section 5 of Chapter 54 of Laws 2022 to develop and provide training to pretrial programs, courts and staff is extended through fiscal year 2024.										
15	5	Administrative Office of the Courts	The period of time for expending the one hundred thousand dollars ($100,000) appropriated from the general fund in Subsection 7 of Section 5 of Chapter 83 of Laws 2020 for a pro tem judge in McKinley county to clear driving-while-intoxicated case backlog is extended through fiscal year 2024.										
16	5	Administrative Office of the Courts	The period of time for expending the one million dollars ($1,000,000) appropriated from the general fund in Subsection 9 of Section 5 of Chapter 83 of Laws 2020 for a unified appropriation for magistrate court security personnel and equipment, later reduced to eight hundred thousand dollars ($800,000) in Subsection 2 of Section 7A of Chapter 5 of Laws 2020, 1st Special Session is extended through fiscal year 2024.										
17	5	Administrative Office of the Courts	The period of time for expending one million two hundred thousand dollars ($1,200,000) appropriated from the general fund in Subsection 5 of Section 5 of Chapter 54 of Laws 2022 to provide for magistrate security equipment is extended through fiscal year 2024.										

2023 Section 5, 6, 7, and 9 Appropriations and Fund Transfers

				Agency Request					LFC Recommendation				
	Sec.	Agency	Language	GF	OSF	INT	FED	Total	GF	OSF	INT	FED	Total
18	5	Administrative Office of the Courts	The period of time for expending the four hundred thousand dollars ($400,000) appropriated from the general fund in Subsection 10 of Section 5 of Chapter 83 of Laws 2020 to implement a statewide information management system for problem-solving courts is extended through fiscal year 2024.										
19	5	Administrative Office of the Courts	The period of time for expending two hundred seventy thousand dollars ($270,000) appropriated from the general fund in Subsection 14 of Section 5 of Chapter 137 of Laws 2021 to replace cameras in detention centers and the judicial information division is extended through fiscal year 2024.										
20	5	Administrative Office of the Courts	To purchase hardware, software, equipment and project management services to upgrade remote and hybrid judicial proceedings across the state.	$74,943.3				$74,943.3	$6,000.0				$6,000.0
21	5	Administrative Office of the Courts	For the discharge of the debt service held by the New Mexico Finance Authority for the Bernalillo County Metropolitan Court Complex Revenue Bonds.	$6,650.0				$6,650.0					
22	5	Administrative Office of the Courts	To move and renovate a leased space in Albuquerque.	$250.0				$250.0					
23	5	Administrative Office of the Courts	To redesign all New Mexico Judiciary web sites.	$498.0				$498.0					
24	5	Administrative Office of the Courts	To pilot universal screening for treatment courts at district courts, pilot professional peer support for pretrial services and treatment courts, provide grants for other pilot programs to improve pretrial services and treatment courts and evaluate the effectiveness of all funded programs. Any unexpended funds remaining at the end of fiscal year 2024 shall not revert and may be expended through fiscal year 2026.						$4,000.0				$4,000.0
25	5	Administrative Office of the Courts	For judicial district court and magistrate court security, technology and connectivity upgrades.						$4,000.0				$4,000.0
26	5	Administrative Office of the Courts	For technology projects subject to review by the department of information technology.						$1,060.0				$1,060.0
27	5	Administrative Office of the Courts	For a two year pilot program to create judicial clerkships for district court judges in rural areas. Any unexpended balances remaining at the end of fiscal year 2024 shall not revert and may be expended through fiscal year 2025.						$2,000.0				$2,000.0
28	5	Administrative Office of the Courts	For the substitute care advisory council, contingent on passage of legislation of the first session of the fifty-sixth legislature transferring the substitute care advisory council to the administrative office of the courts.						$200.0				$200.0

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				Agency Request					LFC Recommendation				
	Sec.	Agency	Language	GF	OSF	INT	FED	Total	GF	OSF	INT	FED	Total
29	5	First Judicial District Court	To purchase hardware to refresh existing network servers and storage equipment for the first judicial district court.	$49.4				$49.4					
30	5	First Judicial District Court	To purchase desktops and laptops for all judges in Magistrate and District Courts within the first judicial district.	$31.0				$31.0					
31	5	First Judicial District Court	To purchase and install two replacement x-ray machines for the courthouse in Santa Fe county.	$41.7				$41.7					
32	5	Third Judicial District Court	To purchase filing systems.	$160.1				$160.1					
33	5	Third Judicial District Court	For concrete safety bollards at the main Third Judicial District Court building.	$120.4				$120.4					
34	5	Fourth Judicial District Court	To microfilm several years of old case files at the San Miguel and Guadalupe district courts.	$242.0				$242.0					
35	5	Sixth Judicial District Court	For an upgraded audio video presentation system in the three district courts of the 6th Judicial District.	$88.0				$88.0					
36	5	Sixth Judicial District Court	For updated security systems at district and magistrate court locations across the district.	$291.8				$291.8					
37	5	Sixth Judicial District Court	To purchase a metal detector for the magistrate court in Bayard, New Mexico.	$5.5				$5.5					
38	5	Eighth Judicial District Court	To fund the upgrade of the Taos county courthouse clerks' office customer service glass windows with safety glass, window speaker system and additional work surfaces.	$147.0				$147.0					
39	5	Eighth Judicial District Court	To fund replacement of computers and peripherals in Taos, Colfax and Union county courthouses.	$141.7				$141.7					
40	5	Eighth Judicial District Court	To purchase office and cubicle furniture for one office and the security screening entrance desk area in the Taos county courthouse.	$30.0				$30.0					
41	5	Eighth Judicial District Court	To fund court hearings recording platform licenses and support in the eighth judicial district court.	$8.4				$8.4					
42	5	Eighth Judicial District Court	For conversion of paper case records into archival electronic images.	$75.2				$75.2					
43	5	Eighth Judicial District Court	To fund an application that will upgrade the court hearings recording platform.	$20.9				$20.9					
44	5	Ninth Judicial District Court	To integrate updated video, audio and evidence presentation equipment in three jury-ready courtrooms.	$200.0				$200.0					
45	5	Ninth Judicial District Court	To microfilm and digitize stored case files in the ninth judicial district.	$151.7				$151.7					
46	5	Eleventh Judicial District Court	To upgrade information technology equipment.	$63.5				$63.5					
47	5	Eleventh Judicial District Court	For furniture and other office expenses.	$90.4				$90.4					

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	Sec.	Agency	Language	Agency Request GF	Agency Request OSF	Agency Request INT	Agency Request FED	Agency Request Total	LFC Recommendation GF	LFC Recommendation OSF	LFC Recommendation INT	LFC Recommendation FED	LFC Recommendation Total
48	5	Eleventh Judicial District Court	For network switches.	$20.0				$20.0					
49	5	Thirteenth Judicial District Court	For the foreclosure settlement program. The internal service funds/interagency transfers appropriation to the thirteenth judicial district court includes two hundred eighty-one thousand nine hundred dollars ($281,900) from the mortgage regulatory fund of the regulation and licensing department for foreclosure mediation programs.			$281.9		$281.9					
50	5	Bernalillo County Metropolitan Court	To address the case backlog.	$197.5				$197.5					
51	5	Bernalillo County Metropolitan Court	For facilities improvements.	$222.6				$222.6	$368.5				$368.5
52	5	Bernalillo County Metropolitan Court	To purchase, configure and install courtroom audio equipment.	$145.9				$145.9					
53	5	First Judicial District Attorney	For special prosecution expenses.	$635.5				$635.5	$360.0				$360.0
54	5	Second Judicial District Attorney	thousand ($600,000) appropriated from the general fund in Subsection 13 of Section 5 of Chapter 73 of Laws 2018 for a data-driven prosecution pilot program, six hundred thousand ($600,000) appropriated from the general fund in Subsection 14 of Section 5 of Chapter 73 of Laws 2018 for case prosecution and the eight hundred thousand ($800,000) appropriated from the general fund in Subsection 15 of Section 5 of Chapter 73 of Laws 2018 to address case backlog is extended through fiscal year 2024 and the appropriations may be used for other purposes.										
55	5	Sixth Judicial District Attorney	For the replacement of agency vehicles.	$75.0				$75.0					
56	5	Administrative Office of the District Attorneys	Any unexpended balances remaining at the end of fiscal year 2023 from revenues received in fiscal year 2023 and prior years by a district attorney or the administrative office of the district attorneys from the United States department of justice pursuant to the southwest border prosecution initiative shall not revert and shall remain with the recipient district attorney's office for expenditure in fiscal year 2024. Prior to November 1, 2023, the administrative office of the district attorneys shall provide to the department of finance and administration and the legislative finance committee a detailed report documenting the amount of all southwest border prosecution initiative funds that do not revert at the end of fiscal year 2023 for each of the district attorneys and the administrative office of the district attorneys.										

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				Agency Request					LFC Recommendation				
	Sec.	Agency	Language	GF	OSF	INT	FED	Total	GF	OSF	INT	FED	Total
57	5	Administrative Office of the District Attorneys	Any unexpended balances remaining at the end of fiscal year 2023 from revenues received in fiscal year 2023 and prior years by a district attorney from any Native American tribe, pueblo or political subdivision pursuant to a contract, memorandum of understanding, joint powers agreement or grant shall not revert and shall remain with the recipient district attorney's office for expenditure in fiscal year 2024. Prior to November 1, 2023, the administrative office of the district attorneys shall provide the department of finance and administration and the legislative finance committee a detailed report documenting the amount of all funds received from Native American tribes, pueblos and political subdivisions pursuant to a contract, memorandum of understanding, joint powers agreement or grant that do not revert at the end of fiscal year 2023 for each of the district attorneys and the administrative office of the district attorneys.										
58	5	Administrative Office of the District Attorneys	For prosecution of conflict of interest cases.	$500.0				$500.0					
59	5	Administrative Office of the District Attorneys	For the district attorney fund.						$250.0				$250.0
60	5	Administrative Office of the District Attorneys	For the public attorney workforce capacity fund, contingent on the enactment of legislation of the first session of the fifty-sixth legislature creating the fund, to support workforce capacity building for prosecutors, including a workload study, with no more than one million dollars ($1,000,000) distributed in fiscal year 2024. Any unexpended balances remaining at the end of fiscal year 2024 shall not revert and may be expended through fiscal year 2025.						$2,000.0				$2,000.0
61	5	Law Offices of the Public Defender	For case defense and trial costs for complex cases.	$476.0				$476.0					
62	5	Law Offices of the Public Defender	For attorney and social worker recruitment, retention, and fellowship initiatives.	$1,250.0				$1,250.0					
63	5	Law Offices of the Public Defender	For transcription services.	$303.0				$303.0					

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				Agency Request					LFC Recommendation				
	Sec.	Agency	Language	GF	OSF	INT	FED	Total	GF	OSF	INT	FED	Total
64	5	Law Offices of the Public Defender	For the public attorney workforce capacity fund, contingent on the enactment of legislation of the first session of the fifty-sixth legislature creating the fund, to support workforce capacity building for public defenders, with no more than one million dollars ($1,000,000) distributed in fiscal year 2024. Any unexpended balances remaining at the end of fiscal year 2024 shall not revert and may be expended through fiscal year 2025.						$2,000.0				$2,000.0
65	5	Attorney General	The period of time for expending the six million four hundred thousand dollars ($6,400,000) appropriated from the consumer settlement fund in Subsection 23 of Section 5 of Chapter 137 of Laws 2021 as extended in subsection 24 of Section 5 of Chapter 54 of Laws 2022 for interstate water litigation costs is extended through fiscal year 2024.										
66	5	Attorney General	The period of time for expending the four million dollars ($4,000,000) appropriated from both the consumer settlement fund and the general fund in Subsection 27 of Section 5 of Chapter 54 of Laws 2022 for litigation of the Rio Grande compact is extended through fiscal year 2024.										
67	5	Attorney General	To address harms to the state and its communities resulting from the Gold King mine release. The internal service funds/interagency transfers appropriation is from the consumer settlement fund.			$8,000.0		$8,000.0			$8,000.0		$8,000.0
68	5	Attorney General	For investigation and litigation expenses related to officer misconduct including use of force.	$5,000.0				$5,000.0					
69	5	Attorney General	For litigation of the tobacco master settlement agreement.	$1,600.0				$1,600.0	$800.0				$800.0
70	5	Taxation and Revenue Department	To implement tax and motor code changes mandated in legislation.	$5,000.0				$5,000.0	$2,000.0				$2,000.0
71	5	Taxation and Revenue Department	To develop, enhance and maintain the systems of record.	$2,843.2				$2,843.2	$2,843.2				$2,843.2
72	5	Taxation and Revenue Department	For tax scanning equipment and services.	$100.0				$100.0					
73	5	Taxation and Revenue Department	To replace extraction desks and scanners.	$471.4				$471.4	$471.4				$471.4
74	5	Administrative Hearings Office	To purchase window blinds for the office.	$9.0				$9.0					

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				Agency Request					LFC Recommendation				
	Sec.	Agency	Language	GF	OSF	INT	FED	Total	GF	OSF	INT	FED	Total
75	5	Administrative Hearings Office	The period of time for expending the one hundred fifty thousand dollars ($150,000) appropriated from the general fund in Subsection 29 of Section 5 of Chapter 54 of Laws 2022 is extended through fiscal year 2024.										
76	5	Administrative Hearings Office	To purchase laptops and related equipment.	$25.0				$25.0					
77	5	Administrative Hearings Office	For digital signage.	$5.5				$5.5					
78	5	Administrative Hearings Office	For a security door.	$8.2				$8.2					
79	5	Department of Finance and Administration	For information technology infrastructure upgrades.	$300.0				$300.0	$300.0				$300.0
80	5	Department of Finance and Administration	For the law enforcement workforce capacity building fund, contingent on the enactment of legislation of the first session of the fifty-sixth legislature creating the fund, with no more than five million two hundred thousand dollars ($5,200,000) expended each fiscal year through fiscal year 2027. Any unexpended balances remaining at the end of fiscal year 2024 shall not revert and may be expended through fiscal year 2028. Distributions shall only be made to law enforcement agencies in compliance with applicable statutory reporting requirements, including those described in Subsection C of Section 29-3-11 NMSA 1978, Subsection B of Section 29-7-7.1 NMSA 1978 and Sections 29-7-7.2, 29-7C-7 and 29-7C-8 NMSA 1978. The department of finance and administration may use up to five percent of the appropriated funds to administer the program, including evaluation of program effectiveness.	$100,000.0				$100,000.0	$26,000.0				$26,000.0
81	5	Department of Finance and Administration	For community food, local agriculture and supply chain programs to improve food security in New Mexico. The general fund appropriation is from amounts transferred to the appropriation contingency fund of the general fund in Section 1 of Chapter 4 of Laws 2021 (2nd S.S.).	$41,100.0				$41,100.0	$7,500.0				$7,500.0
82	5	Department of Finance and Administration	To the civil legal services fund.	$1,700.0				$1,700.0	$600.0				$600.0
83	5	Department of Finance and Administration	For regional recreation centers and quality of life grants statewide. The general fund appropriation is from amounts transferred to the appropriation contingency fund of the general fund in Section 1 of Chapter 4 of Laws 2021 (2nd S.S.).						$40,000.0				$40,000.0

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				Agency Request					LFC Recommendation				
	Sec.	Agency	Language	GF	OSF	INT	FED	Total	GF	OSF	INT	FED	Total
84	5	Department of Finance and Administration	For operating costs of the infrastructure planning and development office, contingent on enactment of legislation of the first session of the fifty-sixth legislature creating a centralized infrastructure planning office.						$2,000.0				$2,000.0
85	5	Department of Finance and Administration	For evidence- or research-based capital outlay infrastructure interventions shown to reduce crime, including street lighting, remediation of vacant lots and parks. Any unexpended balances remaining at the end of fiscal year 2024 shall not revert and may be expended through fiscal year 2025.						$1,500.0				$1,500.0
86	5	Department of Finance and Administration	For the venture capital fund.						$15,000.0				$15,000.0
87	5	Department of Finance and Administration	To the local government division to provide grants to local governments to support housing infrastructure.						$10,000.0				$10,000.0
88	5	Department of Finance and Administration	For the water trust fund.						$35,000.0				$35,000.0
89	5	Department of Finance and Administration	For cost overruns for local capital outlay projects.						$8,000.0				$8,000.0
90	5	Department of Finance and Administration	For state and local match assistance for federal grants.						$5,000.0				$5,000.0
91	5	Department of Finance and Administration	For capacity building grants to councils of government, technical assistance providers and local governments.						$2,000.0				$2,000.0
92	5	Department of Finance and Administration	To the local government division for planning, design and construction of improvements to Carbon Coal road in McKinley county.						$15,000.0				$15,000.0
93	5	Department of Finance and Administration	To the local government division for animal shelters statewide.						$15,000.0				$15,000.0
94	5	Department of Finance and Administration	To the public private partnership fund of the New Mexico finance authority, contingent on enactment of legislation of the first session of the fifty-sixth legislature creating the fund.						$30,000.0				$30,000.0
95	5	Retiree Health Care Authority	To reduce the unfunded status of the retiree health care program by pre-funding future obligations with non-recurring state revenue surpluses.	$26,000.0				$26,000.0					
96	5	General Services Department	For security staffing at state government facilities.	$480.0				$480.0					

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				Agency Request					LFC Recommendation				
	Sec.	Agency	Language	GF	OSF	INT	FED	Total	GF	OSF	INT	FED	Total
97	5	General Services Department	For overhauling or replacing both engines on the state owned aircraft.	$1,200.0				$1,200.0	$1,200.0				$1,200.0
98	5	General Services Department	To purchase vehicles. The other state funds appropriation is from the state transportation pool fund balance.	$1,500.0				$1,500.0	$400.0	$600.0			$1,000.0
99	5	General Services Department	The general services department may expend up to nine hundred thousand dollars ($900,000) of the general fund appropriation contained in Subsection 18 of Section 10 of Chapter 54 of Laws 2022 in fiscal years 2023 and 2024 for building rental and relocation expenses for a state agency that must relocate to a new facility to enable the construction of an executive office building in Santa Fe.										
100	5	New Mexico Sentencing Commission	The period of time for expending the two million dollars ($2,000,000) appropriated from the general fund in Subsection 39 of Section 5 of Chapter 54 of Laws of 2022 for grants awarded under the Crime Reduction Grant Act is extended through fiscal year 2024.										
101	5	New Mexico Sentencing Commission	Act, including grants for projects supporting data analytics on frequent criminal justice system users and technical assistance on evidence-based local solution implementation. The New Mexico sentencing commission may use up to three percent of the appropriation for administration and may use up to two percent of the appropriation to evaluate the effectiveness of grant recipient projects, including those awarded in prior years. Any unexpended balances remaining at the end of fiscal year 2024 shall not revert and may be expended through fiscal year 2025.	$2,000.0				$2,000.0	$4,000.0				$4,000.0
102	5	New Mexico Sentencing Commission	The period of time for expending the five hundred thousand dollars ($500,000) appropriated from the consumer settlement fund at the office of the attorney general in Subsection 38 of Section 5 of Chapter 137 of Laws of 2021 to study and redraft the Criminal Code and other criminal statutes is extended through fiscal year 2024.										
103	5	Department of Information Technology	For broadband expansion activities. The appropriation includes sixteen million five hundred thousand dollars ($16,500,000) to provide matching funds for federal broadband grant programs and four million dollars ($4,000,000) for obtaining permits and rights of way.	$146,100.0				$146,100.0	$25,000.0				$25,000.0
104	5	Department of Information Technology	To improve cybersecurity statewide. Up to three million dollars ($3,000,000) may be used for incident response at the regulation and licensing department						$10,000.0				$10,000.0

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				Agency Request					LFC Recommendation				
	Sec.	Agency	Language	GF	OSF	INT	FED	Total	GF	OSF	INT	FED	Total
105	5	Department of Information Technology	To improve cybersecurity at higher education institutions, including the consortium of higher education computing communication services.						$3,000.0				$3,000.0
106	5	Department of Information Technology	To improve cybersecurity for schools and school districts statewide.						$2,500.0				$2,500.0
107	5	Department of Information Technology	For the office of broadband access and expansion to provide state matching funds for federal broadband grant programs. The other state funds appropriation is from the connect New Mexico fund.							$25,000.0			$25,000.0
108	5	Public Employees Retirement Association	To support the full actuarial value associated with Senate Bill 315 of 2021 converting certain motor transportation officers participating under state retirement general plan 3 to the state police retirement plan.	$3,609.4				$3,609.4					
109	5	State Commission of Public Records	To upgrade information technology equipment and software.	$66.6				$66.6	$66.6				$66.6
110	5	Secretary of State	To the state election fund to conduct and administer elections statewide in fiscal year 2024.	$20,000.0				$20,000.0	$7,500.0				$7,500.0
111	5	Secretary of State	To upgrade the existing statewide elections, registration and voting integrity system applications.	$100.0				$100.0	$100.0				$100.0
112	5	Secretary of State	To the state election fund to conduct and administer elections statewide in fiscal year 2026.						$7,500.0				$7,500.0
113	5	Public Employee Labor Relations Board	The period of time for expending the twenty five thousand dollars ($25,000) appropriated from the general fund in Subsection 46 of Section 5 of Chapter 54 of Laws 2022 for website, telecommunications costs, furniture and information technology needs is extended through fiscal year 2024 and can be used for personal services and employee benefits.										
114	5	State Treasurer	Implementation of the Work and Save Program.	$671.5				$671.5					
115	5	Border Authority	To plan and hold the legislatively mandated New Mexico-Chihuahua and New Mexico-Sonora Commissions, and host Mexican government officials for meetings with state officials that strengthen regional dialogue and collaboration.	$50.0				$50.0					
116	5	Tourism Department	For a branded partnership to promote the Gallup Intertribal Ceremonial event.	$100.0				$100.0					
117	5	Tourism Department	For marketing and advertising. The general fund appropriation is from amounts transferred to the appropriation contingency fund of the general fund in Section 1 of Chapter 4 of Laws 2021 (2nd S.S.).	$20,000.0				$20,000.0	$10,000.0				$10,000.0

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				Agency Request					LFC Recommendation				
	Sec.	Agency	Language	GF	OSF	INT	FED	Total	GF	OSF	INT	FED	Total
118	5	Tourism Department	For local and regional tourism development.	$5,000.0				$5,000.0	$1,000.0				$1,000.0
119	5	Economic Development Department	For the expansion and maintenance of the business incubator program for fiscal years 2023 through 2026. Any unexpended balances remaining at the end of fiscal year 2026 shall revert to the general fund.	$5,000.0				$5,000.0					
120	5	Economic Development Department	To the development training fund for the job training incentive program. Any unexpended balances remaining at the end of fiscal year 2023 shall not revert and may be expended in future fiscal years.	$5,000.0				$5,000.0	$3,000.0				$3,000.0
121	5	Economic Development Department	To the local economic development act fund for economic development projects pursuant to the Local Economic Development Act. Any unexpended balances remaining at the end of fiscal year 2023 shall not revert and may be expended in future fiscal years.	$35,000.0				$35,000.0	$10,000.0				$10,000.0
122	5	Economic Development Department	To the economic development department from the energy transition economic development assistance fund to assist in diversifying and promoting the economy of communities affected by the closure of fossil fuel plants by fostering economic development opportunities unrelated to fossil fuel development or use.		$5,900.0			$5,900.0					
123	5	Economic Development Department	For the outdoor equity grant fund to provide outdoor recreation opportunities to underserved low-income communities.						$1,000.0				$1,000.0
124	5	Economic Development Department	To contract with higher education institutions for the management of the next generation film academy.						$500.0				$500.0
125	5	Economic Development Department	For an economic development marketing campaign.						$2,200.0				$2,200.0
126	5	Economic Development Department	For trail and outdoor infrastructure grants.						$10,000.0				$10,000.0
127	5	Economic Development Department	To promote creative industries, contingent on enactment of legislation of the first session of the fifty-sixth legislature.						$1,000.0				$1,000.0
128	5	Regulation and Licensing Department	For a professional licensing modernization project for all boards and commissions. The other state funds appropriation is from funds administered by the boards and commissions program of the regulation and licensing department.		$5,000.0			$5,000.0		$2,500.0			$2,500.0

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				Agency Request					LFC Recommendation				
	Sec.	Agency	Language	GF	OSF	INT	FED	Total	GF	OSF	INT	FED	Total
129	5	Regulation and Licensing Department	To support personal services and employee benefits category for the Securities Division of the Regulation and Licensing Department.		$100.0			$100.0					
130	5	Regulation and Licensing Department	For replacement vehicles of aging fleet and field information technology equipment for construction industries division inspection programs.	$785.0				$785.0	$785.0				$785.0
131	5	Public Regulation Commission	To purchase of vehicles for the pipeline safety division.				$240.0	$240.0				$240.0	$240.0
132	5	Office of the Superintendent of Insurance	For the elimination of the existing deficit in the patient compensation fund and to reduce the rate impact of non-deficient-related rate increases.	$32,500.0				$32,500.0	$16,250.0				$16,250.0
133	5	Office of the Superintendent of Insurance	For the OSI to reimburse the NMMIP for lost premiums due to the Covid emergency	$1,500.0				$1,500.0					
134	5	Office of the Superintendent of Insurance	For state matching funds to establish a automobile theft prevention authority.	$375.0				$375.0					
135	5	Office of the Superintendent of Insurance	For health insurance affordability initiatives that lower costs for individuals, families, and small businesses as authorized under the Health Care Affordability Fund statute.		$92,010.0			$92,010.0					
136	5	Gaming Control Board	For increased levels of cybersecurity	$75.0				$75.0					
137	5	Gaming Control Board	For increased levels of cybersecurity insurance and enhancing infrastructure	$200.0				$200.0					
138	5	State Racing Commission	The period of time for expending the five hundred thousand dollars ($500,000) appropriated from the general fund in Subsection 60 of Section 5 of Chapter 54 of Laws 2022 is extended through fiscal year 2024 and may be expended for other purposes without the original contingency.										
139	5	Cumbres and Toltec	To purchase and upgrade information technology equipment.	$35.0				$35.0					
140	5	Cultural Affairs Department	For exhibit development.	$8,000.0				$8,000.0	$5,000.0				$5,000.0
141	5	Cultural Affairs Department	for facilities management software.	$600.0				$600.0					
142	5	Cultural Affairs Department	For information technology improvements statewide.	$150.0				$150.0					
143	5	Cultural Affairs Department	For the rural libraries endowment fund.	$15,000.0				$15,000.0	$15,000.0				$15,000.0
144	5	New Mexico Livestock Board	To provide funding to deploy GPS tracking capabilities on the agency's field fleet.	$16.3				$16.3					
145	5	New Mexico Livestock Board	Replace Lapel Cameras for the NM Livestock.	$67.7				$67.7					

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				Agency Request					LFC Recommendation				
	Sec.	Agency	Language	GF	OSF	INT	FED	Total	GF	OSF	INT	FED	Total
146	5	New Mexico Livestock Board	To replace end user devices.	$340.4				$340.4	$340.4				$340.4
147	5	Department of Game and Fish	To match federal funds, contingent on enactment of the Recovering America's Wildlife Act or similar legislation of the United States congress.	$9,000.0				$9,000.0	$2,000.0				$2,000.0
148	5	Energy, Minerals and Natural Resources Department	To meet federal matching requirements at the energy conservation management division.	$1,813.4				$1,813.4	$1,000.0				$1,000.0
149	5	Energy, Minerals and Natural Resources Department	To the state forestry division for land acquisition, planning, design, and construction of the New Mexico reforestation center.						$10,000.0				$10,000.0
150	5	Energy, Minerals and Natural Resources Department	To the land of enchantment conservation trust fund for land and water conservation and restoration activities, cultural resource protection, and to develop the outdoor recreation economy, contingent on enactment of legislation in the first session of the fifty-sixth legislature establishing the fund and providing for its distribution.						$35,000.0				$35,000.0
151	5	Energy, Minerals and Natural Resources Department	For the state forestry division to replace fire engines, crew carriers, high mileage fleet vehicles, trailers and other equipment used for wildland fire suppression and to purchase property to relocate the wildfire response program base camp.						$7,500.0				$7,500.0
152	5	State Engineer	The period of time for expending the seven million dollars ($7,000,000) from thegeneral fund appropriation in item 67 of Section 5 Chapter 83 of the Laws of 2020 as modified by item 15 of Section 7 Chapter 5 of the Laws of 2020 1st Special Session, is extended through fiscal year 2024										
153	5	State Engineer	To plan, design and construct shoreline improvements at Ute Reservoir and construct needed repairs to Ute Dam, for expenditure in fiscal years 2023 through 2025	$1,000.0				$1,000.0					
154	5	State Engineer	for water litigation, litigation avoidance and compliance activities related to the Colorado River interstate compacts and related agreements, for expenditure in fiscal years 2023 through 2027	$4,000.0				$4,000.0					
155	5	State Engineer	For building rental and relocation expenses to allow for Concha Ortiz y Pino building demolition.	$900.0				$900.0					

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				Agency Request					LFC Recommendation				
	Sec.	Agency	Language	GF	OSF	INT	FED	Total	GF	OSF	INT	FED	Total
156	5	State Engineer	To augment the water supply on the lower Rio Grande, including through possible brackish water treatment and aquifer recharge projects, and continued support of the attorney general in interstate water litigation and/or settlement under the Rio Grande compact.	$75,000.0				$75,000.0	$25,000.0				$25,000.0
157	5	State Engineer	For river channel maintenance to improve river flows into Elephant Butte and for habitat restoration, low flow conveyance channel maintenance and flood control projects related to the san acacia reach of the Rio Grande.	$30,000.0				$30,000.0	$6,000.0				$6,000.0
158	5	State Engineer	For compliance with the 2003 Pecos settlement agreement, including required augmentation pumping, and to support other drought relief activities on the lower Pecos river.	$2,000.0				$2,000.0	$2,000.0				$2,000.0
159	5	State Engineer	To implement 50-year water plan recommendations and develop the next state water plan update, for expenditure in fiscal years 2023 through 2026	$6,000.0				$6,000.0					
160	5	State Engineer	For the strategic water reserve to lease San Juan river water rights from the Jicarilla Apache nation.	$10,000.0				$10,000.0	$1,500.0				$1,500.0
161	5	Indian Affairs Department	For tribal projects, including matching funding for federal infrastructure grants and capacity building grants for improving access to Native Americans for behavioral health services.						$50,000.0				$50,000.0
162	5	Early Childhood Education and Care Department	To conduct autism assessments for New Mexico children statewide.	$500.0				$500.0					
163	5	Early Childhood Education and Care Department	For education and training of the early childhood workforce on autism diagnoses and early intervention in support of New Mexico children and their families.	$550.0				$550.0					
164	5	Early Childhood Education and Care Department	To continue to support access to quality childcare for New Mexicans.	$125,000.0				$125,000.0					
165	5	Early Childhood Education and Care Department	For a community pre-kindergarten specialist to conduct in-person monitoring visits to ensure all New Mexican pre-kindergarten programs are meeting or exceeding standards that will improve outcomes for children and to help with increasing caseloads.	$113.9				$113.9					
166	5	Early Childhood Education and Care Department	To support implementation of the children's cabinet's thriving families plan by establishing family resource centers in high need counties to prevent and reduce child maltreatment in New Mexico.	$3,000.0				$3,000.0					

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				Agency Request					LFC Recommendation				
	Sec.	Agency	Language	GF	OSF	INT	FED	Total	GF	OSF	INT	FED	Total
167	5	Early Childhood Education and Care Department	To develop a coordinated intake and referral system accessible to internal and external parties linking and connecting New Mexico families to home visiting services.	$2,000.0				$2,000.0	$2,000.0				$2,000.0
168	5	Early Childhood Education and Care Department	To educate New Mexico families on safe sleep practices to prevent and reduce child maltreatment in New Mexico as part of the children's cabinet's thriving families plan.	$400.0				$400.0					
169	5	Early Childhood Education and Care Department	For rate increases to early childhood providers for: inflationary operational cost increases, higher salaries to reduce employee turnover, translation services reimbursements and professional development.	$800.0				$800.0					
170	5	Early Childhood Education and Care Department	For a pre-kindergarten per child rate increase to address teacher salary increases and inflationary increase and to expand services to more pre-kindergarten age children.	$20,000.0				$20,000.0					
171	5	Aging and Long-Term Services Department	Any unexpended balances remaining from the aging and long-term services department section 4 general fund at the end of fiscal year 2023 shall revert to the kiki saavedra dignity fund and shall be expended in fiscal year 2024 to address high-priority services for senior citizens in New Mexico, including transportation, food insecurity, physical and behavioral health, case management and caregiving. Contingent on legislation transferring investment of the fund to the state investment council.										
172	5	Aging and Long-Term Services Department	To provide funding for emergencies, disaster preparedness and planning that will result in serving seniors, including those not currently enrolled in senior programs.	$800.0				$800.0	$800.0				$800.0
173	5	Aging and Long-Term Services Department	To the kiki saavedra senior dignity fund, contingent on enactment of legislation of the first session of the fifty-sixth legislature making the fund an endowment to provide a recurring revenue source for services to senior citizens.	$40,000.0				$40,000.0	$40,000.0				$40,000.0
174	5	Aging and Long-Term Services Department	To the kiki saavedra senior dignity fund for expenditure in fiscal year 2024 and subsequent fiscal years to create a pilot for an intergenerational childcare, senior care program. Any unexpended or unencumbered funds shall revert to the kiki saavedra dignity fund.	$500.0				$500.0					
175	5	Human Services Department	To fund structural determinants of health and well-being and community engagement and partnerships initiatives.	$155.3			$186.8	$342.1					

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	Sec.	Agency	Language	Agency Request GF	Agency Request OSF	Agency Request INT	Agency Request FED	Agency Request Total	LFC Recommendation GF	LFC Recommendation OSF	LFC Recommendation INT	LFC Recommendation FED	LFC Recommendation Total
176	5	Human Services Department	For public assistance report information services that determine if medicaid and supplemental nutrition assistance program clients are receiving assistance from other state government agencies.	$1,020.2			$3,060.6	$4,080.8	$1,020.2			$3,060.6	$4,080.8
177	5	Human Services Department	To support critical personal services and operational needs for the program support division.	$496.2			$398.4	$894.6					
178	5	Human Services Department	For positions in the office of inspector general to meet existing and new federal requirements and settlement agreements between the human services department and the United States department of agriculture.	$230.2			$276.8	$507.0					
179	5	Human Services Department	To ensure effective deployment and utilization of 988 crisis now mobile crisis teams. The appropriation is contingent on receipt of eight million ninety-two thousand nine hundred dollars ($8,092.9) in federal funds matched with state funds.	$1,428.2			$8,092.9	$9,521.1	$1,428.2			$8,092.9	$9,521.1
180	5	Human Services Department	For rate increases to raise medicaid providers to no less than one hundred percent of medicare with primary care, maternal and child health and behavioral health providers to one hundred twenty percent of medicare.	$83,745.0			$291,962.0	$375,707.0					
181	5	Human Services Department	To implement the statewide closed loop medicaid patient and provider referral service to improve patient access to medical, behavioral health and nonmedical services to improve patient outcomes.	$704.5			$5,515.5	$6,220.0	$704.5			$5,515.5	$6,220.0
182	5	Human Services Department	To build and maintain a data analytics organization to improve data reporting to align with agency goals and leverage information technology investments.	$1,373.7			$2,814.5	$4,188.2					
183	5	Human Services Department	For mitigating delays in case processing and reducing call center hold times caused by federal public health emergency policies.	$4,633.9			$9,121.2	$13,755.1					

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				Agency Request					LFC Recommendation				
	Sec.	Agency	Language	GF	OSF	INT	FED	Total	GF	OSF	INT	FED	Total
184	5	Human Services Department	Any unexpended balances attributable to the federal matching increase from section 9817 of the American Rescue Plan Act of 2021 accrued by the medical assistance program of the human services department remaining at the end of fiscal year 2021, fiscal year 2022 and fiscal year 2023 from appropriations made from the general fund shall not revert and may be expended in fiscal year 2022 through fiscal year 2025 to support reinvestment in the expansion, enhancement or strengthening of home and community-based services as required in section 9817 of the American Rescue Plan Act of 2021, including eliminating the wait list for the 1915(c) developmental disabilities medicaid waivers and implementing the temporary home and community-based services provider economic recovery payments.										
185	5	Human Services Department	To fund critical positions in the office of human resources.	$345.5			$415.5	$761.0					
186	5	Human Services Department	To cover convenience fees for child support payments made by credit card and debit cards.	$85.0			$165.0	$250.0					
187	5	Human Services Department	To properly and efficiently conduct the business of the child support program.	$1,076.0			$2,088.6	$3,164.6					
188	5	Human Services Department	To replace revenues from fees charged to child support customers.	$234.8			$277.3	$512.1					
189	5	Human Services Department	To eliminate fees charged to customers for services the child support enforcement division provides.	$317.2			$615.8	$933.0					
190	5	Human Services Department	To expand the income eligibility limit for cash assistance and to increase the cash assistance maximum benefit amount.	$27,017.2				$27,017.2					
191	5	Human Services Department	For contractual obligations related to maintaining services to ensure timely delivery of food, shelter and cash benefits.	$3,635.0			$5,729.5	$9,364.5					
192	5	Human Services Department	For the supplemental nutrition assistance program's settlement agreement for the federal overpayment claim and the reinvestment plan to improve the administrative efficiency of the program.	$5,100.1				$5,100.1	$5,100.1				$5,100.1
193	5	Human Services Department	The period of time for expending the eight million four hundred fifty-three thousand nine hundred dollars ($8,453,900) appropriated from the general fund in Subsection 81 of Section 5 of Chapter 54 of Laws 2022 for the supplemental nutrition assistance program's settlement payment of the federal overpayment claim is extended through fiscal year 2024.										

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				Agency Request					LFC Recommendation				
	Sec.	Agency	Language	GF	OSF	INT	FED	Total	GF	OSF	INT	FED	Total
194	5	Human Services Department	To establish a comprehensive reentry support pilot program to provide individuals reentering the community from incarceration with pre-release medicaid capacity, connection to services, housing support, and incarceration, including a pilot alternative parole revocation process, in coordination with the corrections department. Target populations include, but are not limited to, individuals on in-house parole and those eligible for geriatric parole.						$2,500.0				$2,500.0
195	5	Workforce Solutions Department	To assist state agencies with recruiting and retaining hard-to-fill positions by utilizing the apprenticeship and pre-apprenticeship models developed by the United States department of labor.	$2,126.4				$2,126.4					
196	5	Workforce Solutions Department	For rapid hiring events statewide.	$125.4				$125.4					
197	5	Developmental Disabilities Council	Any unexpended balances in the office of guardianship program of the developmental disabilities council remaining from appropriations made from the general fund in fiscal year 2023 shall not revert and may be expended in fiscal year 2024.										
198	5	Developmental Disabilities Council	To reduce the wait list in the office of guardianship.	$648.0				$648.0	$250.0				$250.0
199	5	Developmental Disabilities Council	To support the office of special education ombud.	$95.0				$95.0					
200	5	Department of Health	The period of time for expending the forty million dollars ($40,000,000) appropriated from Subsection 83 of Section 5 of Chapter 54 of Laws 2022 to plan, design, furnish and upgrade a new veterans' home on the New Mexico veterans' home campus in Truth or Consequences, contingent on the department of health submitting an application for a match from the federal department of veterans' affairs and agreement to reimburse operating reserves upon receipt of federal funds is extended through fiscal year 2024.										
201	5	Department of Health	The period of time for expending the four million dollars ($4,000,000) appropriated from Subsection 82 of Section 5 of Chapter 54 of Laws 2022 for operational and maintenance needs in all facilities is extended through fiscal year 2024.										
202	5	Department of Health	To promote the facilities, programs and services at the department of health to increase awareness of and use by eligible New Mexicans.	$5,000.0				$5,000.0					

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				Agency Request					LFC Recommendation				
	Sec.	Agency	Language	GF	OSF	INT	FED	Total	GF	OSF	INT	FED	Total
203	5	Department of Health	For recruitment, retention and training of staff in the information technology services division.	$4,922.4				$4,922.4					
204	5	Department of Health	For the replacement of outdated information and technology systems, increased storage capacity, enhanced information security and personnel training in the information technology services division.	$5,398.0				$5,398.0					
205	5	Department of Health	To support the covid registration application contract renewal for new developments each time a new vaccine comes to the market.	$1,350.0				$1,350.0					
206	5	Department of Health	For teen programming to promote health awareness and social wellbeing.	$500.0				$500.0					
207	5	Department of Health	To maintain the emergency medical services licensing management system to fulfill the statutory responsibility of the emergency medical services bureau regarding licensing and certification activities.	$85.0				$85.0					
208	5	Department of Health	To build, develop and install vital records kiosks with a queueing system.	$120.0				$120.0					
209	5	Department of Health	For consultants to assess, make recommendations and train on improvements to clinical, administrative and regulatory systems in facilities.	$500.0				$500.0					
210	5	Department of Health	To provide base increases and adjust pay bands to retain and recruit direct care staff for all department of health facilities.	$1,415.1				$1,415.1	$825.5				$825.5
211	5	Department of Health	To purchase furniture, appliances and equipment for the Los Lunas community program residents and staff.	$139.4				$139.4					
212	5	Department of Health	To purchase two vans to provide accessible transportation for New Mexico veterans' home residents.	$250.0				$250.0	$250.0				$250.0
213	5	Department of Health	To revise, repeal, and replace sections of the New Mexico administrative code.	$150.0				$150.0	$150.0				$150.0
214	5	Department of Health	Any unexpended fund balances in the developmental disabilities support program of the department of health from appropriations made from the general fund for fiscal year 2019, fiscal year 2020 and fiscal 2021 shall not revert and shall be expended in fiscal year 2023 through fiscal year 2025 to eliminate the wait list for the home and community based waiver services 1915(c) developmental disability waivers and other expenditures in the developmental disabilities medicaid waiver program of the department of health.										
215	5	Department of Health	For a rural primary healthcare clinic in McKinley county.						$500.0				$500.0
216	5	Department of Health	For startup costs and to purchase mobile clinics for school based health centers.						$1,500.0				$1,500.0

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				Agency Request					LFC Recommendation				
	Sec.	Agency	Language	GF	OSF	INT	FED	Total	GF	OSF	INT	FED	Total
217	5	Department of Environment	The period of time for expending the two million and five hundred thousand dollars ($2,500,000) appropriated from Gold King mine settlement funds in Subsection 78 of Section 5 of Chapter 137 of Laws 2021 for protection and restoration of the environment is extended through fiscal year 2024.										
218	5	Department of Environment	The period of time for expending the one hundred and fifty thousand dollars ($150,000) appropriated in Subsection 89 of Section 5 of Chapter 54 of Laws 2022 for the state's twenty percent cost share for cleanup of the Pecos mine and the El Molino operable units is extended through fiscal year 2024.										
219	5	Department of Environment	The period of time for expending the six hundred and twenty-nine thousand and five hundred dollars ($629,500) appropriated from the general fund and the six hundred and twenty-nine thousand and five hundred dollars ($629,500) appropriated from the corrective action fund in Subsection 89 of Section 5 of Chapter 271 of Laws 2019 to clean up and to match federal funds for cleanup of superfund hazardous waste sites in New Mexico is extended through fiscal year 2024.										
220	5	Department of Environment	The period of time for expending the one million four hundred and sixteen thousand dollars ($1,416,000) appropriated in Subsection 77 of Section 5 of Chapter 137 of Laws 2021 for federal match and clean-up of superfund hazardous waste sites is extended through fiscal year 2024.										
221	5	Department of Environment	The period of time for expending the two hundred and fifty thousand dollars ($250,000) appropriated in Subsection 88 of Section 5 of Chapter 54 of Laws 2022 to develop a surface water discharge permitting program and to cover costs for computer-based examinations for water utility operators is extended through fiscal year 2024.										
222	5	Department of Environment	The period of time for expending the two hundred and fifty thousand dollars ($250,000) appropriated in Subsection 90 of Section 5 of Chapter 54 of Laws 2022 for uranium mine remediation and cleanup is extended through fiscal year 2024.										
223	5	Department of Environment	To support and improve financial services. Any unexpended balances remaining at the end of fiscal year 2024 from this appropriation shall not revert and may be expended in subsequent fiscal years.	$150.0				$150.0					

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				Agency Request					LFC Recommendation				
	Sec.	Agency	Language	GF	OSF	INT	FED	Total	GF	OSF	INT	FED	Total
224	5	Department of Environment	To establish and administer New Mexico's liquid waste indigent fund program. Any unexpended balances remaining at the end of fiscal year 2024 from this appropriation shall not revert and may be expended in subsequent fiscal years.	$1,250.0				$1,250.0					
225	5	Department of Environment	For protection of the New Mexico workforce from known and emerging dangers, including heat illness and cannabis industry hazards. Any unexpended balances remaining at the end of fiscal year 2024 from this appropriation shall not revert and may be expended in subsequent fiscal years.	$750.0				$750.0					
226	5	Department of Environment	For the environment department to develop and implement actions related to climate change, including the implementation of national ozone standards.	$4,100.0				$4,100.0	$2,000.0				$2,000.0
227	5	Department of Environment	To develop and implement actions related to climate change, including the implementation of national ozone standards.	$2,000.0				$2,000.0					
228	5	Department of Environment	To assure compliance of facilities managing radioactive materials.	$1,500.0				$1,500.0	$1,500.0				$1,500.0
229	5	Department of Environment	To assess business operations, workforce needs and optimize leased spaces. Any unexpended balances remaining at the end of fiscal year 2024 from this appropriation shall not revert and may be expended in subsequent fiscal years.	$3,000.0				$3,000.0					
230	5	Department of Environment	To improve core business operations. Any unexpended balances remaining at the end of fiscal year 2024 from this appropriation shall not revert and may be expended in subsequent fiscal years.	$825.0				$825.0					
231	5	Department of Environment	To establish and administer an environmental employment program. Any unexpended balances remaining at the end of fiscal year 2024 from this appropriation shall not revert and may be expended in subsequent fiscal years.	$650.0				$650.0					
232	5	Department of Environment	To advance community revitalization through environmental cleanup of contaminated groundwater. Any balance remaining at the end of fiscal year 2024 shall not revert and shall be expended in future subsequent fiscal years.	$8,500.0				$8,500.0					
233	5	Department of Environment	To match federal funds for clean up of superfund hazardous waste sites in New Mexico.	$2,839.7				$2,839.7	$2,839.7				$2,839.7
234	5	Department of Environment	To develop a surface water discharge permitting program.	$680.0				$680.0	$680.0				$680.0
235	5	Department of Environment	For the environment department to conduct activities to advance water reuse. Any unexpended balance remaining at the end of fiscal year 2024 shall not revert and shall be expended in subsequent fiscal years.	$5,500.0				$5,500.0					

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				Agency Request					LFC Recommendation				
	Sec.	Agency	Language	GF	OSF	INT	FED	Total	GF	OSF	INT	FED	Total
236	5	Department of Environment	to identify, purchase or subscribe to, integrate, support, and maintain a new database for utility operator certification, testing, and compliance. Any unexpended balance remaining at the end of fiscal year 2024 shall not revert and shall be expended in subsequent years.	$360.0				$360.0					
237	5	Department of Environment	To grant to the eastern New Mexico water utility authority for the eastern New Mexico rural water system, including two hundred thousand dollars ($200,000) to the environment department for administrative costs.						$15,000.0				$15,000.0
238	5	Department of Environment	To the rural infrastructure revolving loan fund to provide gap funding for water projects in rural communities.						$5,000.0				$5,000.0
239	5	Department of Environment	For the water protection division to support the regionalization of small water systems, contingent on enactment of legislation of the first session of the fifty-sixth legislature providing for the distribution of funding.						$1,000.0				$1,000.0
240	5	Office of the Natural Resources Trustee	To increase the damage assessment and restoration revolving fund to pursue emerging natural resource injury claims against responsible parties. The other state funds appropriation is from the consumer settlement fund.						$1,000.0				$1,000.0
241	5	Veterans' Services Department	To expand outreach programs for veterans and their dependents.	$800.0				$800.0					
242	5	Office of Family Representation and Advocacy	For the purchase of furniture and equipment.	$300.0				$300.0	$300.0				$300.0
243	5	Children, Youth and Families Department	For a community collaborative to support juvenile justice reform.	$500.0				$500.0		$500.0			$500.0
244	5	Children, Youth and Families Department	For appropriate placement of children, youth and families staff.	$12,260.1				$12,260.1					
245	5	Children, Youth and Families Department	For collaborative support to incentivize maintaining cultural connections between Native American children in state custody and their Tribes, Pueblos and sovereign nations.	$500.0				$500.0	$500.0				$500.0
246	5	Children, Youth and Families Department	To support the children, youth and families department's workforce development plan including secondary trauma self-care support, training and professional development support, local recruitment campaigns, recruitment incentives for licensed social work graduates in New Mexico and other states to work for protective services, caseload improvement cross-training, evidence-based core competency model development, mentorship program development and leadership development.						$3,000.0				$3,000.0

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				Agency Request					LFC Recommendation				
	Sec.	Agency	Language	GF	OSF	INT	FED	Total	GF	OSF	INT	FED	Total
247	5	Department of Military Affairs	To purchase cabinetry, shelving, and compressed shelving to preserve and safely house the New Mexico military museum collection.	$102.8				$102.8	$102.8				$102.8
248	5	Department of Military Affairs	To purchase vehicles.	$718.0				$718.0	$718.0				$718.0
249	5	Department of Military Affairs	For information technology upgrades.	$47.4				$47.4					
250	5	Corrections Department	To continue hepatitis c treatment and planning. The corrections department shall report to the legislative finance committee and the department of finance and administration quarterly on the number of inmates infected with and treated for hepatitis c, the rate of treatment success, expenditures from all funding sources for hepatitis c drugs and other treatment costs and anticipated future hepatitis c treatment needs. The corrections department shall coordinate with the human services department to prioritize medicaid-funded treatment for individuals incarcerated in county jails likely to enter the prison system. The other state funds appropriation is from the penitentiary income fund. Any unexpended balances from this appropriation remaining at the end of fiscal year 2024 shall not revert and may be expended through fiscal year 2026.	$30,000.0				$30,000.0	$23,000.0	$7,000.0			$30,000.0
251	5	Corrections Department	To convert paper offender files to electronic records.	$1,000.0				$1,000.0	$1,000.0				$1,000.0
252	5	Department of Public Safety	The period of time for expending the eight hundred ninety-two thousand eight hundred dollars ($892,800) appropriated from the general fund in Subsection 98 of Section 5 of Chapter 54 of Laws 2022 for advanced training initiatives for commissioned New Mexico state police officers is extended through fiscal year 2024.										
253	5	Department of Public Safety	The period of time for expending the three hundred fifty thousand dollars ($350,000) appropriated from the general fund in Subsection 111 of Section 5 of Chapter 83 of Laws 2020 for a data sharing project with the administrative office of the courts is extended through fiscal year 2024.										
254	5	Department of Public Safety	The period of time for expending the nine million dollars ($9,000,000) appropriated from the general fund in Subsection 104 of Section 5 of Chapter 54 of Laws 2022 to purchase and equip law enforcement vehicles is extended through fiscal year 2024.										

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				Agency Request					LFC Recommendation				
	Sec.	Agency	Language	GF	OSF	INT	FED	Total	GF	OSF	INT	FED	Total
255	5	Department of Public Safety	The period of time for expending the four hundred thousand dollars ($400,000) appropriated from the general fund in Subsection 101 of Section 5 of Chapter 54 of Laws 2022 to purchase license plate readers and mobile units for the New Mexico state police is extended through fiscal year 2024.										
256	5	Department of Public Safety	To purchase equipment for the New Mexico state police, including ballistic shields and plates, tasers and ammunition.	$800.0				$800.0	$1,461.8				$1,461.8
257	5	Department of Public Safety	To purchase a machine to assist with violent gun crime investigations.	$250.0				$250.0	$250.0				$250.0
258	5	Department of Public Safety	To purchase and replace crime scene investigation equipment.	$150.0				$150.0	$150.0				$150.0
259	5	Department of Public Safety	To conduct a police officer job task analysis for the New Mexico law enforcement academy board or other primary entity responsible for police officer training. The department of public safety shall report the results of the job task analysis to the department of finance and administration and the legislative finance committee by September 1, 2024.	$1,250.0				$1,250.0	$500.0				$500.0
260	5	Department of Public Safety	For administrative prosecution of law enforcement officers and public safety telecommunicators by the law enforcement certification board contingent on enactment of legislation of the first session of the fifty-sixth legislature moving the function of such administrative prosecution from the office of the attorney general to the law enforcement certification board.						$522.5				$522.5
261	5	Department of Public Safety	To replace the video surveillance server and storage system.	$300.0				$300.0					
262	5	Department of Public Safety	To replace body-worn and in-vehicle camera upload servers in remote offices.	$160.0				$160.0					
263	5	Department of Public Safety	To replace aging wireless access points at department of public safety facilities statewide.	$180.0				$180.0					
264	5	Public Education Department	The period of time for expending the ten million dollars ($10,000,000) appropriated from the public education reform fund in Subsection 110 of Section 5 of Chapter 54 of Laws 2022 for emergency educational technology and information technology staffing needs at New Mexico public schools is extended through fiscal year 2024.										
265	5	Public Education Department	For legal fees related to defending the state in Martinez v. state of New Mexico No. D-101-CV-2014-00793 and Yazzie v. state of New Mexico No. D-101-CV-2014-02224.	$500.0				$500.0	$500.0				$500.0

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				Agency Request					LFC Recommendation				
	Sec.	Agency	Language	GF	OSF	INT	FED	Total	GF	OSF	INT	FED	Total
266	5	Public Education Department	The period of time for expending the one million five hundred thousand dollars ($1,500,000) appropriated from the public education reform fund in Subsection 118 of Section 5 of Chapter 54 of Laws 2022 to assist school districts and charter schools in performing risk-based vulnerability management and penetration testing to identify, deter, protect against, detect, remediate and respond to cyber threats and ransomware is extended through fiscal year 2024.										
267	5	Public Education Department	For career technical education initiatives and equipment. The other state funds appropriation is from the public education reform fund. Any unexpended balances remaining at the end of fiscal year 2024 from this appropriation shall revert to the career technical education fund.							$15,000.0			$15,000.0
268	5	Public Education Department	To support schools with the highest family income index pursuant to Section 22-8F-3 NMSA 1978 in providing supplemental service to at-risk students. The other state funds appropriation is from the public education reform fund.							$15,000.0			$15,000.0
269	5	Public Education Department	For community school and family engagement initiatives. The other state funds appropriation is from the public education reform fund. Any unexpended balances remaining at the end of fiscal year 2024 from this appropriation shall revert to the community schools fund.							$10,000.0			$10,000.0
270	5	Public Education Department	For out-of-school learning, summer enrichment, tutoring and programs to address learning gaps. The other state funds appropriation is from the public education reform fund.							$20,000.0			$20,000.0
271	5	Public Education Department	For an educator evaluation system. The other state funds appropriation is from the public education reform fund.							$2,000.0			$2,000.0
272	5	Public Education Department	For teacher residency programs pursuant to the Teacher Residency Act, including one million dollars ($1,000,000) for teacher recruitment pilots and programs to improve the teacher workforce pipeline. The other state funds appropriation is from the public education reform fund.							$5,000.0			$5,000.0
273	5	Public Education Department	For pilot residency programs for principals, school counselors, and school social workers. The other state funds appropriation is from the public education reform fund.							$2,000.0			$2,000.0
274	5	Public Education Department	For stipends to student teachers for time spent teaching in a New Mexico public school as required by Subsection C of Section 22-10A-6 NMSA 1978, and for waivers for fees associated with teaching license exams. The other state funds appropriation is from the public education reform fund.							$6,500.0			$6,500.0

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				Agency Request					LFC Recommendation				
	Sec.	Agency	Language	GF	OSF	INT	FED	Total	GF	OSF	INT	FED	Total
275	5	Public Education Department	To educator preparation programs to develop and implement programs that provide training and professional development for current teachers, comprehensive financial aid including stipends for students in teacher preparation programs and licensing opportunities for educational assistants. The other state funds appropriation is from the public education reform fund.							$3,000.0			$3,000.0
276	5	Public Education Department	The period of time for expending the thirteen million three hundred ten thousand three hundred dollars ($13,310,300) from the public education reform fund in Subsection 123 of Section 5 of Chapter 54 of Laws 2022 for tribal and rural community-based extended learning programs is extended through fiscal year 2024.										
277	5	Public Education Department	For scholarships to candidates in teacher preparation programs specializing in shortage areas, including special education. The other state funds appropriation is from the public education reform fund. Any unexpended balances remaining at the end of fiscal year 2024 from this appropriation shall revert to the teacher preparation affordability scholarship fund.							$10,000.0			$10,000.0
278	5	Public Education Department	For loan repayment to teachers serving in shortage areas, including special education. The other state funds appropriation is from the public education reform fund. Any unexpended balances remaining at the end of fiscal year 2024 from this appropriation shall revert to the teacher loan repayment fund.							$2,500.0			$2,500.0
279	5	Public Education Department	To support educators with teaching English to speakers of other languages endorsements and implement provisions of the Hispanic Education Act. The other state funds appropriation is from the public education reform fund.							$1,000.0			$1,000.0
280	5	Public Education Department	To support teachers in bilingual multicultural education programs and implement provisions of the Bilingual Multicultural Education Act. The other state funds appropriation is from the public education reform fund.							$5,000.0			$5,000.0
281	5	Public Education Department	To support educators in gaining or furthering special education trainings and credentials, including stipends for student teaching in special education classrooms for students pursuing a special education license, and creation of a special education credential. The other state funds appropriation is from the public education reform fund.							$2,000.0			$2,000.0

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				Agency Request					LFC Recommendation				
	Sec.	Agency	Language	GF	OSF	INT	FED	Total	GF	OSF	INT	FED	Total
282	5	Public Education Department	For meal quality initiatives that improve the nutritional quality and availability of school meals statewide and for food waste reduction initiatives. The general fund appropriation is from amounts transferred to the appropriation contingency fund of the general fund in Section 1 of Chapter 4 of Laws 2021 (2nd S.S.).						$7,500.0				$7,500.0
283	5	Public Education Department	For instructional materials. The public education department shall distribute an amount to each school district and charter school that is proportionate to each school district's and charter school's share of total program units computed pursuant to Section 22-8-18 NMSA 1978. The other state funds appropriation is from the public education reform fund.	$12,929.4				$12,929.4		$5,000.0			$5,000.0
284	5	Public Education Department	For school districts and charter schools to support math achievement. The other state funds appropriation is from the public education reform fund.	$6,500.0				$6,500.0		$5,000.0			$5,000.0
285	5	Public Education Department	For outdoor classroom initiatives. The other state funds appropriation is from the public education reform fund.	$1,201.9				$1,201.9		$250.0			$250.0
286	5	Public School Facilities Authority	For an auxiliary power source. The other state funds appropriation is from the public school capital outlay fund.		$150.0			$150.0					
287	5	Public School Facilities Authority	To purchase vehicles. The other state funds appropriations is from the public school capital outlay fund.		$214.5			$214.5		$214.5			$214.5
288	5	Higher Education Department	For distribution to the higher education institutions of New Mexico for building renewal and replacement and facility demolition. A report of building renewal and replacement transfers must be submitted to the higher education department before funding is released. In the event of a transfer of building renewal and replacement funding to cover institutional salaries, or any other ineligible purpose as defined in the New Mexico higher education department space policy, funding shall not be released to the higher education institutions. Up to five million dollars ($5,000,000) may be distributed to higher education institutions for facility demolition.	$23,993.4				$23,993.4	$20,000.0				$20,000.0
289	5	Higher Education Department	For the Consortium of Higher-Education Computing Communication Services (CHECCS) Cyber Security Initiative.	$8,000.0				$8,000.0					
290	5	Higher Education Department	To obtain curricular management software to support common course numbering and general education curricula statewide.	$100.0				$100.0					
291	5	Higher Education Department	To support dual credit at higher education institutions.	$4,000.0				$4,000.0					

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				Agency Request					LFC Recommendation				
	Sec.	Agency	Language	GF	OSF	INT	FED	Total	GF	OSF	INT	FED	Total
292	5	Higher Education Department	To provide matching funds to state research universities to support innovative applied research that advances knowledge and creates new products and production processes in the fields of agriculture, biotechnology, biomedicine, energy, materials science, microelectronics, water resources, aerospace, telecommunications, manufacturing science and similar research areas.						$40,000.0				$40,000.0
293	5	Higher Education Department	For endowed faculty teaching positions in undergraduate and graduate-level nursing programs at New Mexico public and tribal institutions of higher education to expand enrollment and the number of graduates able to work as nurses or nurse practitioners. The higher education department must obtain certification from each higher education institution that the endowment revenue will supplement and not supplant spending at the institution's nursing program before making an endowment award. The general fund appropriation is from amounts transferred to the appropriation contingency fund of the general fund in Section 1 of Chapter 4 of Laws 2021 (2nd S.S.).						$10,000.0				$10,000.0
294	5	Higher Education Department	attending a public post-secondary educational institution or tribal college. The scholarship shall pay tuition and fees for New Mexico residents enrolled at least half-time at a public post-secondary educational institution or tribal college. Scholarships may be awarded in an amount not to exceed one hundred percent of tuition and fees. The higher education department shall not award both opportunity scholarship and lottery scholarship funding for the same student during the same academic year. The general fund appropriation is from amounts transferred to the appropriation contingency fund of the general fund in Section 1 of Chapter 4 of Laws 2021 (2nd S.S.).						$60,000.0				$60,000.0
295	5	Higher Education Department	For the health professional loan repayment fund.						$5,000.0				$5,000.0
296	5	Higher Education Department	To support public health programs at the university of New Mexico and New Mexico state university. The funding shall be distributed to each institution by the higher education department based on proposals submitted by the institutions. The general fund appropriation is from amounts transferred to the appropriation contingency fund of the general fund in Section 1 of Chapter 4 of Laws 2021 (2nd S.S.).						$5,000.0				$5,000.0

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				Agency Request					LFC Recommendation				
	Sec.	Agency	Language	GF	OSF	INT	FED	Total	GF	OSF	INT	FED	Total
297	5	Higher Education Department	For distribution to the higher education institutions of New Mexico for equipment renewal and replacement. A report of equipment renewal and replacement transfers must be submitted to the higher education department before funding is released. In the event of a transfer of equipment renewal and replacement funding to cover institutional salaries, funding shall not be released to the higher education institution.						$3,000.0				$3,000.0
298	5	Higher Education Department	For the public service law loan repayment fund.						$1,000.0				$1,000.0
299	5	Higher Education Department	For endowments to support financial aid, including scholarships and paid practicums, for New Mexico residents who are graduates of a New Mexico high school currently enrolled in a masters' level social work program at a state institution of higher education as enumerated in Article 12, Section 11 of the constitution of New Mexico. The higher education department must obtain certification from each higher education institution that the awards from this appropriation will supplement and not supplant spending at the institution's social worker program before making an endowment award. Unexpended balances of the appropriation remaining at the end of fiscal year 2025 shall revert to the general fund.						$20,000.0				$20,000.0
300	5	Higher Education Department	high schools who are enrolled full-time in a master's degree program at a graduate degree granting state university in New Mexico in a science, technology, engineering, mathematics, or healthcare program provided that no student shall receive an award amount greater than seven thousand two hundred dollars ($7,200) per academic year. Any unexpended balances remaining at the end of fiscal year 2026 from this appropriation shall revert to the general fund.						$5,000.0				$5,000.0

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				Agency Request					LFC Recommendation				
	Sec.	Agency	Language	GF	OSF	INT	FED	Total	GF	OSF	INT	FED	Total
301	5	Higher Education Department	The fifty million dollars ($50,000,000) appropriated in Subsection 43 of Section 5 of Chapter 54 of Laws 2022 for social worker faculty endowments may be expended to create endowments supporting student financial aid, including scholarships and paid practicums, for graduates of a New Mexico high school who are current residents of New Mexico enrolled in a masters'-level social work program at a state institution of higher education as enumerated in Article 12, Section 11 of the constitution of New Mexico. The higher education department must obtain certification from each higher education institution that the awards from this appropriation will supplement and not supplant spending at the institution's social worker program before making an endowment award.										
302	5	University of New Mexico	To plan, design, renovate, construct, purchase, furnish and equip laboratory and research space at the university of New Mexico and $10,000,000 for an endowment to support STEM students at the university of New Mexico.	$20,000.0				$20,000.0					
303	5	University of New Mexico	To plan, design, renovate, construct, purchase, furnish, equip and install facility improvements, including freezers, autopsy tables and washers and dryers, and to purchase and equip vehicles for the office of the medical investigator at the university of New Mexico health sciences center.	$596.9				$596.9					
304	5	University of New Mexico	To establish an endowed scholarship fund to support students in the BA/MD program at the university of New Mexico health sciences center.	$60,000.0				$60,000.0					
305	5	University of New Mexico	To plan, design, purchase and equip simulation equipment and upgrades for the nursing program at the university of New Mexico Gallup branch.	$300.0				$300.0					
306	5	University of New Mexico	To establish an endowment to supplement, not supplant school of medicine faculty recruitment, development, compensation and retention at the university of New Mexico health sciences center.	$50,000.0				$50,000.0					
307	5	University of New Mexico	For student mental health and wellbeing support services, including providing temporary housing support at the university of New Mexico.	$2,927.2				$2,927.2					
308	5	University of New Mexico	For programs dedicated to treatment, prevention, training and policy related to substance use and addiction throughout the state of New Mexico at the university of New Mexico.	$5,952.3				$5,952.3					
309	5	University of New Mexico	To support infrastructure for the statewide human papillomavirus pap registry.						$500.0				$500.0
310	5	New Mexico State University	To the the board of regents at New Mexico state university to expand online degrees and programs.	$27,515.8				$27,515.8					

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				Agency Request					LFC Recommendation				
	Sec.	Agency	Language	GF	OSF	INT	FED	Total	GF	OSF	INT	FED	Total
311	5	New Mexico State University	To the board of regents at New Mexico state university for library collections, programs and technology infrastructure at the New Mexico state university library.	$3,143.0				$3,143.0					
312	5	New Mexico State University	To the board of regents at New Mexico state university for a statewide center of excellence in STEM+ for teaching and learning. New Mexico state university will lead the center but engage all New Mexico higher education institutions and school districts.	$2,000.0				$2,000.0					
313	5	New Mexico State University	For a public health faculty/staff endowment at New Mexico state university.	$10,000.0				$10,000.0					
314	5	New Mexico State University	To the board of regents at New Mexico state university for student services and supports that address students' basic needs.	$1,000.0				$1,000.0					
315	5	New Mexico State University	To create an endowment for New Mexico resident graduate assistants.	$25,000.0				$25,000.0					
316	5	New Mexico State University	To the board of regents at New Mexico state university to purchase, equip and install respiratory therapy equipment for Dona Ana community college.	$500.0				$500.0					
317	5	New Mexico State University	For endowed faculty positions in educator preparation at the Dona Ana branch community college.	$3,000.0				$3,000.0	$1,000.0				$1,000.0
318	5	Western New Mexico University	For equipment purchases in kinesiology at western New Mexico university.	$175.0				$175.0					
319	5	Western New Mexico University	For production and promotion of publications through mimbres press at western New Mexico university.	$50.0				$50.0					
320	5	Western New Mexico University	For equipment and furniture purchases in the school of nursing at western New Mexico university.	$292.8				$292.8					
321	5	New Mexico Institute of Mining and Technology	To provide funding for the New Mexico bureau of geology and mineral resources to reach the standards expected of modern data management in the Water Data Act statute of 2019.	$300.0				$300.0					
322	5	New Mexico Institute of Mining and Technology	To provide funding at the New Mexico institute of mining and technology to enhance the ability of its students to succeed through increased engagement and support services.	$700.0				$700.0					
323	5	New Mexico Institute of Mining and Technology	To create a STEM graduate research fellowship endowment.	$15,000.0				$15,000.0					
324	5	Luna Community College	To purchase IT equipment for computer labs.	$583.3				$583.3					
325	5	Luna Community College	To purchase simulators to expand workforce training opportunities.	$483.5				$483.5					
326	5	Mesalands Community College	For community workforce development at higher education institutions in New Mexico.	$100.0				$100.0					

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				Agency Request					LFC Recommendation				
	Sec.	Agency	Language	GF	OSF	INT	FED	Total	GF	OSF	INT	FED	Total
327	5	Mesalands Community College	To purchase supplies and equipment for the athletics program.	$360.0				$360.0					
328	5	Mesalands Community College	To develop internship and promote research in the paleontology program in rural communities at mesalands community college.	$25.0				$25.0					
329	5	Mesalands Community College	For equipment replacement at the wind research training center at mesalands community college.	$40.0				$40.0					
330	5	San Juan College	For electric vehicle training equipment.	$357.3				$357.3					
331	5	San Juan College	To purchase equipment for San Juan college school of energy training programs for drilling, well control, carbon sequestration wells and helium wells.	$587.1				$587.1					
332	5	San Juan College	For purchase equipment for a water conservation training program.	$212.5				$212.5					
333	5	San Juan College	For equipment to enable San Juan College to offer training to develop water conservation professionals.	$87.0				$87.0					
334	5	San Juan College	For electric vehicle training equipment for San Juan College.	$25.1				$25.1					
335	5	Public School Support	For educator professional development and support to improve the performance of special education students in general education settings.	$2,000.0				$2,000.0					
336	5	Public School Support	For targeted interventions to improve academic and behavioral outcomes of at-risk students. Funding will be distributed through the family income index.	$15,000.0				$15,000.0					
337	5	Public School Support	For intensive tutoring services.	$10,000.0				$10,000.0					
338	5	Public School Support	For software to submit, review and monitor educational and strategic plans.	$250.0				$250.0					
339	5	Public School Support	For elective extended learning opportunities.	$50,000.0				$50,000.0					
340	5	Public School Support	For elective extended learning opportunities for students with individualized education plans.	$33,065.0				$33,065.0					
341	5	Public School Support	For an educator evaluation system.	$1,500.0				$1,500.0					
342	5	Public School Support	For educator recruitment through the educator fellows program.	$16,850.0				$16,850.0					
343	5	Public School Support	To improve the literacy skills of special education students through the excellence from coaching in intensive supports for special education program.	$1,118.0				$1,118.0					

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				Agency Request					LFC Recommendation				
	Sec.	Agency	Language	GF	OSF	INT	FED	Total	GF	OSF	INT	FED	Total
344	5	Public School Support	For the learning management system platform that delivers learning resources to students, educators and administrators outside of the classroom setting.	$3,000.0				$3,000.0					
345	5	Public School Support	For principal residency programs.	$2,000.0				$2,000.0					
346	5	Public School Support	To improve academic and behavioral outcomes for special education students through the universal design for learning framework.	$1,500.0				$1,500.0					
347	5	Public School Support	For the micro-credential system for professional development and educator advancement.	$1,100.0				$1,100.0					
348	5	Public School Support	For behavioral health supports.	$6,517.3				$6,517.3					
349	5	Public School Support	For community school and family engagement initiatives.	$11,500.0				$11,500.0					
350	5	Public School Support	For feminine hygiene products.	$3,000.0				$3,000.0					
351	5	Public School Support	For career technical education and innovation zone initiatives.	$15,000.0				$15,000.0					
352	5	Public School Support	For targeted interventions to improve the graduation rate of students with disabilities that are at high risk of dropping out.	$4,000.0				$4,000.0					
353	5	Public School Support	For work-based learning opportunities for high school students.	$5,100.0				$5,100.0					
354	5	Computer Systems Enhancement Fund	For transfer to the computer systems enhancement fund for system replacements or enhancements.						$66,636.4				$66,636.4
355	6	Court of Appeals	To address a projected shortfall in personal services and employee benefits.	$107.1				$107.1	$107.1				$107.1
356	6	Second Judicial District Court	For personal services and employee benefits to support a judge and staff.	$331.3				$331.3	$331.3				$331.3
357	6	Third Judicial District Court	For shortfalls in the contractual services category for security.	$63.4				$63.4	$63.4				$63.4
358	6	Third Judicial District Court	For magistrate judge salaries.	$92.2				$92.2	$92.2				$92.2
359	6	Fourth Judicial District Court	For magistrate judge salaries.	$50.8				$50.8	$50.8				$50.8
360	6	Sixth Judicial District Court	For magistrate judge salaries.	$52.9				$52.9	$52.9				$52.9
361	6	Eighth Judicial District Court	For magistrate judge salaries.	$42.3				$42.3	$42.3				$42.3
362	6	Eleventh Judicial District Court	For magistrate judge salaries.	$60.5				$60.5	$60.5				$60.5
363	6	Twelfth Judicial District Court	For magistrate judge salaries.	$51.7				$51.7	$51.7				$51.7

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				Agency Request					LFC Recommendation				
	Sec.	Agency	Language	GF	OSF	INT	FED	Total	GF	OSF	INT	FED	Total
364	6	Thirteenth Judicial District Court	For magistrate judge salaries.	$101.5				$101.5	$101.5				$101.5
365	6	Sixth Judicial District Attorney	For personal services and employee benefits to fully staff the office.	$156.0				$156.0	$90.0				$90.0
366	6	Ninth Judicial District Attorney	For a prior year budget deficit.	$0.4				$0.4					
367	6	Eleventh Judicial District Attorney, Division I	For staffing related to victim and witness support.	$60.0				$60.0	$60.0				$60.0
368	6	Administrative Office of the District Attorneys	For information technology network infrastructure.			$400.0		$400.0					
369	6	Taxation and Revenue Department	To hire critical positions to reduce the vacancy rate.	$207.1				$207.1					
370	6	Department of Finance and Administration	For shortfalls in the fiscal agent contract special appropriation.	$300.0				$300.0	$300.0				$300.0
371	5	General Services Department	For shortfalls in the contractual services category for life insurance premiums in the risk management division, contingent on implementing a plan for a one-time, employer-only assessment, with matching funds from local governments and higher education institutions of two hundred ninety nine thousand one hundred dollars ($299,100), and further contingent on the general services department increasing life insurance premiums in fiscal year 2024. For those state employees whose salaries are referenced in or received as a result of nongeneral fund appropriations in the General Appropriation Act of 2022 or 2023, the department of finance and administration shall transfer from the appropriate fund to the appropriate agency the amount required for the special assessment provided for in this item.	$879.7				$879.7	$319.3	$560.4			$879.7

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				Agency Request					LFC Recommendation				
	Sec.	Agency	Language	GF	OSF	INT	FED	Total	GF	OSF	INT	FED	Total
372	5	General Services Department	benefits fund, contingent on implementing a plan for a one-time, employer-only assessment, with matching funds from local governments and higher education institutions of twenty two million one hundred and six thousand dollars ($22,106,000), and further contingent on the general services department increasing health benefit premiums in fiscal year 2024, and further contingent on the department contracting with an independent third party advisor to conduct a claims payment integrity review for fiscal year 2022 and fiscal year 2023. For those state employees whose salaries are referenced in or received as a result of nongeneral fund appropriations in the General Appropriation Act of 2022 or 2023, the department of finance and administration shall transfer from the appropriate fund to the appropriate agency the amount required for the special assessment provided for in this item.	$65,106.0				$65,106.0	$23,650.0	$41,456.0			$65,106.0
373	5	General Services Department	For a projected shortfall in the employee group health benefits fund contingent on implementing a plan for a one-time, employer-only assessment, with matching funds from local governments and higher education institutions of ten million two hundred thousand dollars ($10,200,000) and further contingent on the general services department increasing health benefit premiums in fiscal year 2024. For those state employees whose salaries are referenced in or received as a result of nongeneral fund appropriations in the General Appropriation Act of 2022 or 2023, the department of finance and administration shall transfer from the appropriate fund to the appropriate agency the amount required for the special assessment provided for in this item.	$30,000.0				$30,000.0	$10,890.0	$19,110.0			$30,000.0
374	5	Secretary of State	For projected shortfalls in the operating fund in the administration and operations program.	$770.0				$770.0					
375	5	Secretary of State	To address projected shortfalls in the statewide election fund.	$2,400.0				$2,400.0					
376	5	Secretary of State	For projected shortfalls in the operating fund in the elections program.	$675.0				$675.0					
377	5	Secretary of State	To migrate the current business filing system to newer servers in the secretary of state hosting environment.	$30.0				$30.0					
378	5	Secretary of State	To upgrade end user hardware.	$160.0				$160.0					
379	5	Secretary of State	for network switch replacements to address security vulnerabilities.	$20.0				$20.0					
380	5	Secretary of State	For licenses and upgrades to the operating system of the secretary of state's internal servers.	$30.0				$30.0					

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				Agency Request					LFC Recommendation				
	Sec.	Agency	Language	GF	OSF	INT	FED	Total	GF	OSF	INT	FED	Total
381	5	Regulation and Licensing Department	To fund the Substitute Care Advisory Council	$400.0				$400.0					
382	5	Regulation and Licensing Department	To fund incident response and recovery expenses associated with a cyber incident in October 2022. The appropriation is contingent on the regulation and licensing department's coordination with the department of information technology to ensure configuration meets the department of information technology's recommended cybersecurity practices.	$3,000.0				$3,000.0					
383	5	Office of the Superintendent of Insurance	For the small business health insurance premium relief initiative. The other state funds appropriation is from the health care affordability fund.		$2,300.0			$2,300.0		$2,300.0			$2,300.0
384	5	New Mexico State Fair	For a projected shortfall due to the coronavirus disease 2019.	$3,000.0				$3,000.0					
385	6	State Racing Commission	For litigation expenses.	$250.0				$250.0	$250.0				$250.0
386	6	Developmental Disabilities Council	To reduce the wait list in the office of guardianship.	$332.0				$332.0					
387	6	Department of Health	For a projected shortfall in the administrative services division.	$1,082.6				$1,082.6					
388	6	Department of Health	For a projected shortfall in personal services and employee benefits in the scientific laboratory division.	$175.4				$175.4					
389	6	Department of Health	For shortfalls in personal services and for unanticipated rent expense in the division of health improvement.	$571.8				$571.8					
390	6	Crime Victims Reparation Commission	For shortfalls in the personal services and employee benefits category in the victim compensation program.	$98.0				$98.0					
391	6	New Mexico State University	To the New Mexico state board of regents for the athletics department to pay longstanding debt.	$4,699.5				$4,699.5					
392	6	New Mexico State University	To the board of regents at New Mexico state university to address unexpected utility cost increases for fiscal year 2023.	$3,200.0				$3,200.0					
393	6	New Mexico Institute of Mining and Technology	To fund cost increases in natural gas utility expenses at the New Mexico institute of mining and technology.	$811.8				$811.8					
394	6	New Mexico Institute of Mining and Technology	To purchase software, hardware, servers and training for cybersecurity initiatives.	$590.0				$590.0					
395	6	New Mexico Institute of Mining and Technology	To provide funding for the Energetic Materials Research and Testing Center at the New Mexico Institute of Mining and Technology	$6,050.2				$6,050.2					

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				Agency Request					LFC Recommendation				
	Sec.	Agency	Language	GF	OSF	INT	FED	Total	GF	OSF	INT	FED	Total
396	6	Luna Community College	To implement Workday through the Collaborative for Higher Education Shared Services.	$1,000.0				$1,000.0					
397	6	Mesalands Community College	For salaries, benefits and health and safety institutional compliance.	$748.0				$748.0					
398	6	Mesalands Community College	To supplement salaries and equipment for the nursing program.	$110.1				$110.1					
399	7	Administrative Office of the Courts	For hybrid and remote courtroom technology.			$6,000.0		$6,000.0					
400	7	Administrative Office of the Courts	For a firewall and intrusion prevention system.			$500.0		$500.0					
401	7	Administrative Office of the Courts	For the justice research kiosk project.			$242.0		$242.0					
402	7	Administrative Office of the Courts	To implement a Judicial Information Division back-up system.			$150.0		$150.0					
403	7	Administrative Office of the Courts	The period of time for expending the one hundred twelve thousand six hundred dollars ($112,600) appropriated from the computer systems enhancement fund in Subsection 2 of Section 7 of Chapter 83 of Laws of 2020 to implement an integrated electronic court notices solution for the court's case management system is extended through fiscal year 2024.										
404	7	Law Offices of the Public Defender	For initiation and planning for the Microsoft balancing project.			$2,450.0		$2,450.0			$500.0		$500.0
405	7	Law Offices of the Public Defender	To implement the attorney tools project, including workflow and production enhancements.			$1,240.0		$1,240.0			$1,240.0		$1,240.0
406	7	Taxation and Revenue Department	To enhance the protest case management system by implementing protest case functionality in Gentax.			$772.3		$772.3			$772.3		$772.3
407	7	Department of Finance and Administration	The period of time for expending the one million two hundred fifty thousand ($1,250,000) appropriated from the computer systems enhancement fund in Subsection 8 of Section 7 of Chapter 73 of Laws 2018 as extended in Subsection 8 of Section 7 of Chapter 83 of Laws 2020 for the implementation of an enterprise budget system is extended through fiscal year 2024.										

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				Agency Request					LFC Recommendation				
	Sec.	Agency	Language	GF	OSF	INT	FED	Total	GF	OSF	INT	FED	Total
408	7	Department of Finance and Administration	The period of time for expending the four million dollars ($4,000,000) from the computer systems enhancement fund in Subsection 10 of Section 7 of Chapter 271 of Laws 2019 as extended in Subsection 4 of Section 7 of Chapter 137 of Laws 2021 for the implementation of an enterprise budget system is extended through fiscal year 2024.										
409	7	Department of Finance and Administration	The period of time for expending the five hundred thousand ($500,000) appropriated from the computer systems enhancement fund in Subsection 9 of Section 7 of Chapter 271 of Laws 2019 as extended in Subsection 3 of Section 7 of Chapter 137 of Laws 2021 for the implementation of property tax module in the local government budget management system to be extended through fiscal year 2024.										
410	7	General Services Department	To replace the current procurement tracker software with modules contained within the statewide human resources and accounting system. The appropriation is from state purchasing fees fund balances.			$4,500.0		$4,500.0		$4,500.0			$4,500.0
411	7	Educational Retirement Board	To modernize the pension administration system. The appropriation is from educational retirement board trust fund balances.		$30,500.0			$30,500.0		$30,500.0			$30,500.0
412	7	Department of Information Technology	To develop and implement an integrated system for the enterprise project management office documents and services.			$2,000.0		$2,000.0			$2,000.0		$2,000.0
413	7	Secretary of State	To implement a commercial off-the-shelf business filing software solution.			$1,953.6		$1,953.6			$1,953.6		$1,953.6
414	7	Regulation and Licensing Department	To implement cannabis licensing platform enhancements. The other state funds appropriation is from cannabis control division fund balance revenues.		$750.0			$750.0		$750.0			$750.0
415	7	Gaming Control Board	For the planning and initiation phase to modernize licensing software.			$5,000.0		$5,000.0			$1,000.0		$1,000.0
416	7	State Engineer	To modernize and replace the existing water rights adjudication tracking system.			$1,695.2		$1,695.2			$1,695.2		$1,695.2
417	7	Early Childhood Education and Care Department	To continue the implementation of an enterprise content management system for the child care services bureau. The other state funds appropriation is from the early childhood trust fund.			$1,480.0		$1,480.0		$500.0			$500.0

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				Agency Request					LFC Recommendation				
	Sec.	Agency	Language	GF	OSF	INT	FED	Total	GF	OSF	INT	FED	Total
418	7	Early Childhood Education and Care Department	The period of time for expending the forty-nine thousand five hundred dollars ($49,500) from the computer systems enhancement fund and the $four hundred forty-five thousand five hundred dollars ($445,500) from federal funds in Subsection 12 of Section 7 of Chapter 137 of Laws 2021 to integrate functionality between the enterprise provider information and constituent services system and the medicaid management information system applications is extended through fiscal year 2024.										
419	7	Aging and Long-Term Services Department	The period of time for expending the two hundred eighty thousand three hundred dollars ($280,300) appropriated from the computer systems enhancement fund and the two million two hundred ninety-one thousand six hundred dollars ($2,291,600) appropriated from federal funds in Subsection 21 of Section 7 of Chapter 83 of Laws 2020 to continue the implementation of the medicaid management information system replacement project is extended through fiscal year 2024.										
420	7	Human Services Department	To continue the implementation phase of the medicaid management information system replacement project.			$7,425.9	$67,507.8	$74,933.7			$7,425.9	$67,507.8	$74,933.7
421	7	Human Services Department	The period of time for expending the one million two hundred fifty-five thousand six hundred dollars ($1,255,600) appropriated from the computer systems enhancement fund in Subsection 22 of Section 7 of Chapter 271 of Laws 2019 as extended in Subsection 14 of Section 7 of Chapter 137 of Laws 2021 as extended in Subsection 25 of Section 7 of Chapter 54 of Laws 2022 to continue the implementation of the medicaid management information system replacement project is extended through fiscal year 2024.										
422	7	Human Services Department	The period of time for expending the two million eight hundred thirty-two thousand five hundred dollars ($2,832,500) appropriated from the computer systems enhancement fund in Subsection 22 of Section 7 of Chapter 83 of Laws 2020 as extended in Subsection 26 of Section 7 of Chapter 54 of Laws 2022 to continue the implementation of the child support enforcement replacement project is extended through fiscal year 2024.										

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				Agency Request					LFC Recommendation				
	Sec.	Agency	Language	GF	OSF	INT	FED	Total	GF	OSF	INT	FED	Total
423	7	Human Services Department	The period of time for expending the four million one hundred four thousand one hundred dollars ($4,104,100) appropriated from the computer systems enhancement fund in Subsection 23 of Section 7 of Chapter 83 of Laws 2020 as extended in Subsection 27 of Section 7 of Chapter 54 of Laws of 2022 to continue the implementation of the medicaid management information system replacement project is extended through fiscal year 2024.										
424	7	Human Services Department	The period of time for expending the one million two hundred eight thousand nine hundred dollars ($1,208,900) appropriated from the computer systems enhancement fund in Subsection 17 of Section 7 of Chapter 137 of Laws 2021 to continue the implementation of the medicaid management information system replacement project is extended through fiscal year 2024.										
425	7	Human Services Department	The period of time for expending the one million seven hundred eighty-three thousand six hundred dollars ($1,783,600) appropriated from the computer systems enhancement fund in Subsection 21 of Section 7 of Chapter 271 of Laws 2019 as extended in Subsection 13 of Section 7 of Chapter 137 of Laws 2021 to continue the implementation of the child support enforcement replacement project is extended through fiscal year 2024.										
426	7	Human Services Department	The period of time for expending the six million eight hundred one thousand nine hundred dollars ($6,801,900) appropriated from the computer systems enhancement fund in Subsection 21 of Section 7 of Chapter 73 of Laws 2018 as extended in Subsection 26 of Section 7 of Chapter 83 of Laws 2020 as extended in Subsection 15 of Section 7 of Chapter 137 of Laws 2021 to continue the implementation of the medicaid management information system replacement project is extended through fiscal year 2024.										
427	7	Workers' Compensation Administration	The period of time for expending the two million dollars ($2,000,000) appropriated from the worker's compensation fund in Subsection 18 of Section 7 of Chapter 137 of Laws 2021 to modernize information technology systems and applications is extended through fiscal year 2024.										
428	7	Department of Health	For infrastructure hardware upgrades to support expanded data needs of the department.			$1,193.7		$1,193.7			$500.0		$500.0

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				Agency Request					LFC Recommendation				
	Sec.	Agency	Language	GF	OSF	INT	FED	Total	GF	OSF	INT	FED	Total
429	7	Department of Health	To continue the implementation of an integrated document management system and upgrade the vital records database.			$1,840.0		$1,840.0			$1,840.0		$1,840.0
430	7	Department of Health	To implement enhancements or modifications to the existing death records component of the database application for vital events.			$1,300.0		$1,300.0			$950.0		$950.0
431	7	Department of Health	The period of time for expending the two hundred thousand dollars ($200,000) appropriated from the computer systems enhancement fund in Subsection 22 of Section 7 of Chapter 73 of Laws 2018 as extended in Subsection 30 of Section 7 of Chapter 83 of Laws 2020 as extended in Subsection 35 of Section 7 of Chapter 54 of Laws 2022 to continue to upgrade the children's medical services medicaid provider enrollment system to integrate with the human services department's medicaid management information system replacement project is extended through fiscal year 2024.										
432	7	Department of Health	The period of time for expending the three hundred fifty thousand dollars ($350,000) appropriated from the computer systems enhancement fund in Subsection 23 of Section 7 of Chapter 73 of Laws 2018 as extended in Subsection 31 of Section 7 of Chapter 83 of Laws 2020 as extended in Subsection 38 of Section 7 of Chapter 54 of Laws 2022 to continue to purchase hardware and software to implement a facilities licensing system is extended through fiscal year 2024.										
433	7	Department of Health	The period of time for expending the two hundred thousand dollars ($200,000) appropriated from the computer systems enhancement fund in Subsection 25 of Section 7 of Chapter 73 of Laws 2018 as extended in Subsection 29 of Section 7 of Chapter 83 of Laws 2020 as extended in Subsection 36 of Section 7 of Chapter 54 of Laws 2022 to continue to purchase and implement a commercial off-the-shelf incident management system is extended through fiscal year 2024.										
434	7	Department of Health	The period of time for expending the four million dollars ($4,000,000) appropriated from the computer systems enhancement fund in Subsection 24 of Section 7 of Chapter 271 of Laws 2019 as extended in Subsection 40 of Section 7 of Chapter 54 of Laws 2022 to purchase and implement an enterprise electronic healthcare records system for public health offices is extended through fiscal year 2024.										

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				Agency Request					LFC Recommendation				
	Sec.	Agency	Language	GF	OSF	INT	FED	Total	GF	OSF	INT	FED	Total
435	7	Department of Health	The period of time for expending the two million one hundred thousand dollars ($2,100,000) appropriated from the computer systems enhancement fund in Subsection 27 of Section 7 of Chapter 271 of Laws 2019 to continue the implementation of an integrated document management system and upgrade the vital records database is extended through fiscal year 2024.										
436	7	Department of Health	The period of time for expending the nine hundred thousand dollars ($900,000) appropriated from the computer systems enhancement fund in Subsection 27 of Section 7 of Chapter 83 of Laws 2020 for the initiation and planning phase to implement a database for healthcare cost data is extended through fiscal year 2024.										
437	7	Department of Health	The period of time for expending the three million five hundred thousand dollars ($3,500,000) appropriated from the computer systems enhancement fund in Subsection 28 of Section 7 of Chapter 83 of Laws 2020 as extended in Subsection 37 of Section 7 of Chapter 54 of Laws 2022 to purchase and implement an enterprise electronic healthcare records system for public health offices is extended through fiscal year 2024.										
438	7	Department of Health	The period of time for expending the five hundred thousand dollars ($500,000) appropriated from the computer systems enhancement fund in Subsection 19 of Section 7 of Chapter 137 of Laws 2021 for an all payer claims database is extended through fiscal year 2024.										
439	7	Department of Health	thousand dollars ($500,000) appropriated from the computer systems enhancement fund and the four million five hundred thousand dollars ($4,500,000) from federal funds in Subsection 29 of Section 7 of Chapter 137 of Laws 2021 to continue the implementation of a comprehensive care management system for the developmental disabilities supports division within the medicaid management information system is extended through fiscal year 2024.										
440	7	Department of Health	The period of time for expending the four hundred forty-two thousand dollars ($442,000) appropriated from the computer systems enhancement fund in Subsection 30 of Section 7 of Chapter 54 of Laws 2022 to continue the implementation of a consolidated pharmacy system is extended through fiscal year 2024.										

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				Agency Request					LFC Recommendation				
	Sec.	Agency	Language	GF	OSF	INT	FED	Total	GF	OSF	INT	FED	Total
441	7	Department of Health	The period of time for expending the three million seven hundred fifty thousand dollars ($3,750,000) appropriated from the computer systems enhancement fund in Subsection 31 of Section 7 of Chapter 137 of Laws 2021 to continue the implementation of an enterprise electronic health records system is extended through fiscal year 2024.										
442	7	Department of Health	The period of time for expending the two million four hundred thousand dollars ($2,400,000) appropriated from the computer systems enhancement fund in Subsection 10 of Section 7 of Chapter 135 of Laws 2017 as extended in Subsection 25 of Section 7 of Chapter 271 of Laws of 2019 as extended in Subsection 33 of Chapter 83 of Laws 2020 and as extended in Subsection 33 of Section 7 of Chapter 54 of Laws 2022 to continue the implementation of the developmental disabilities client management support system is extended through fiscal year 2024.										
443	7	Department of Health	The period of time for expending the five hundred thousand dollars ($500,000) appropriated from the computer systems enhancement fund and the four million five hundred thousand dollars ($4,500,000) appropriated from federal funds in Subsection 29 of Section 7 of Chapter 173 of Laws 2021 for implementing a comprehensive care management system for the developmental disabilities supports division is extended through fiscal year 2024.										
444	7	Department of Health	The period of time for expending the two million seven hundred fifty thousand dollars ($2,750,000) appropriated from the computer systems enhancement fund Subsection 26 of Section 7 of Chapter 73 of Laws 2018 as extended in Subsection 34 of Section 7 of Chapter 83 of Laws 2020 and as extended in Subsection 33 of Section 7 of Chapter 54 of Laws 2022 to purchase and implement an integrated document management system and upgrade the vital records database is extended through fiscal year 2024.										
445	7	Department of Environment	To implement an enterprise environmental information system for the department of environment programs.			$1,600.0		$1,600.0			$1,600.0		$1,600.0

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				Agency Request					LFC Recommendation				
	Sec.	Agency	Language	GF	OSF	INT	FED	Total	GF	OSF	INT	FED	Total
446	7	Department of Environment	The period of time for expending the one million five hundred eighty thousand six hundred dollars ($1,580,600) appropriated from the computer systems enhancement fund in Subsection 32 of Section 7 of Chapter 137 of Laws 2021 to continue the implementation of an enterprise environmental information system for department of environment programs is extended through fiscal year 2024.										
447	7	Children, Youth and Families Department	To continue the modernization of the comprehensive child welfare information system. The appropriation includes three million dollars ($3,000,000) transferred from the Human Services Department.			$21,439.4	$11,044.6	$32,484.0			$21,439.4	$11,044.6	$32,484.0
448	7	Children, Youth and Families Department	The period of time for expending the seven million dollars ($7,000,000) appropriated from the computer systems enhancement fund in Subsection 37 of Section 7 of Chapter 83 of Laws 2020 to continue the modernization of the comprehensive child welfare information system is extended through fiscal year 2024.										
449	7	Children, Youth and Families Department	The period of time for expending the three million five hundred twenty-three thousand seven hundred dollars ($3,523,700) appropriated from the computer systems enhancement fund in Subsection 33 of Section 7 of Chapter 137 of Laws 2021 to continue the modernization of the comprehensive child welfare information system is extended through fiscal year 2024.										
450	7	Corrections Department	The period of time for expending the five hundred thousand dollars ($500,000) appropriated from the computer systems enhancement fund in Subsection 36 of Section 7 of Chapter 137 of Laws 2021 to continue the implementation of an electronic health records system with a commercial off-the-shelf solution is extended through fiscal year 2024.										
451	7	Department of Public Safety	To continue the implementation of an intelligence-led policing and public safety system.			$2,205.0		$2,205.0			$2,205.0		$2,205.0
452	7	Department of Public Safety	To configure the Las Cruces data center as a backup failover site to enhance business continuity.			$1,800.0		$1,800.0			$1,800.0		$1,800.0
453	7	Department of Public Safety	To modernize the criminal justice information system and other critical public safety data systems.			$20,000.0		$20,000.0			$13,000.0		$13,000.0
454	7	Department of Public Safety	To implement an asset management system.			$810.0		$810.0			$810.0		$810.0

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				Agency Request					LFC Recommendation				
	Sec.	Agency	Language	GF	OSF	INT	FED	Total	GF	OSF	INT	FED	Total
455	7	Department of Public Safety	The period of time for expending the three million dollars ($3,000,000) appropriated from the computer system enhancement fund in Subsection 41 of Section 7 of Chapter 83 of Laws 2020 as extended in Subsection 49 of Section 7 of Chapter 54 of Laws 2022 to upgrade the computer-aided dispatch system is extended through fiscal year 2024.										
456	7	Department of Public Safety	The period of time for expending the five million four hundred sixty-five thousand dollars ($5,465,000) appropriated from the computer systems enhancement fund in Subsection 43 of Section 7 of Chapter 83 of Laws 2020 as extended in Subsection 48 of Section 7 of Chapter 54 of Laws 2022 to continue the implementation of a commercial off-the-shelf records management system is extended through fiscal year 2024.										
457	7	Public Education Department	For security enhancements and to reduce the dependence of social security numbers as unique identifiers for school staff.			$1,221.4		$1,221.4			$500.0		$500.0
458	7	Public Education Department	To replace the attendance improvement plan application.			$1,405.0		$1,405.0			$1,405.0		$1,405.0
459	7	Public Education Department	The period of time for expending the two hundred fifty-four thousand three hundred dollars ($254,300) appropriated from the public education reform fund in Subsection 45 of Section 7 of Chapter 83 of Laws 2020 as extended in Subsection 50 of Section 7 of Chapter 54 of Laws of 2022 to continue to develop and implement an integrated data exchange system for educator preparation programs is extended through fiscal year 2024.										
460	7	Public Education Department	The period of time for expending the one million five hundred fifty-eight thousand four hundred dollars ($1,558,400) appropriated from the public education reform fund in Subsection 46 of Section 7 of Chapter 83 of Laws 2020 as extended in Subsection 51 of Section 7 of Chapter 54 of Laws 2022 to develop and implement a consolidated grant management system is extended through fiscal year 2024.										
461	7	Public Education Department	The period of time for expending the six hundred seven thousand seven hundred dollars ($607,700) appropriated from the public education reform fund in Subsection 38 of Section 7 of Chapter 137 of Laws 2021 for the business intelligence, integration and reporting system is extended through fiscal year 2024.										
462	7	Higher Education Department	To continue the longitudinal data system project.			$1,667.3		$1,667.3				$2,500.0	$2,500.0

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				Agency Request					LFC Recommendation				
	Sec.	Agency	Language	GF	OSF	INT	FED	Total	GF	OSF	INT	FED	Total
463	7	Higher Education Department	For a shared services enterprise resource planning system.			$15,100.0		$15,100.0			$4,000.0		$4,000.0
464	9	Department of Transportation	For roadway planning, design, construction and maintenance in accordance with projects identified on the statewide transportation improvement program and to meet state matching fund requirement for federal grant programs. This amount is appropriated in fiscal year 2023. Any unexpended or unencumbered balance remaining from this appropriation at the end of fiscal year 2025 shall revert to the general fund.						$107,000.0				$107,000.0
465	9	Department of Transportation	To the transportation project fund for expenditure in fiscal year 2024 through 2025 to carry out the provisions of Section 67-3-78 NMSA 1978.						$45,000.0				$45,000.0
466	9	Department of Transportation	For design and construction of wildlife corridors to mitigate wildlife-vehicle collisions on state-managed roads.						$5,000.0				$5,000.0
467	9	Department of Transportation	For essential air service for expenditure in fiscal years 2024 through 2025.						$5,000.0				$5,000.0
468	9	Department of Transportation	To plan, design, construct, renovate and equip upgrades to regional airports statewide.						$5,000.0				$5,000.0
469	9	Department of Transportation	For investments in transportation infrastructure that promote the movement of goods and services through New Mexico and address global supply chain issues.						$30,000.0				$30,000.0
470	10	Department of Finance and Administration	To the severance tax permanent fund.						$1,000,000.0				$1,000,000.0
471	10	Department of Finance and Administration	To the department of finance and administration to establish endowment funds based on recommendations from the legislature.						$300,000.0				$300,000.0
472	10	Human Services Department	To the tobacco settlement permanent fund contingent on enactment of legislation of the first session of the fifty-sixth legislature amending Section 6-4-9 NMSA 1978 to remove the tobacco settlement permanent fund as a reserve fund of the state. The other state funds appropriation is from the tobacco settlement program fund.						$50,000.0	$22,000.0			$72,000.0

	Agency Request					Staff Scenario				
	GF	OSF	INT	FED	Total	GF	OSF	INT	FED	Total
Section 5 Total	**$1,620,008.8**	**$103,374.5**	**$8,281.9**	**$330,960.4**	**$2,062,625.6**	**$885,824.8**	**$145,064.5**	**$8,000.0**	**$16,909.0**	**$1,055,798.3**
Section 6 - Deficiencies	**$71,085.6**				**$71,085.6**	**$23,969.3**	**$42,016.4**			**$65,985.7**

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			Agency Request					LFC Recommendation				
Sec.	Agency	Language	GF	OSF	INT	FED	Total	GF	OSF	INT	FED	Total
		Section 6 - Supplementals	$56,781.7	$2,300.0	$400.0		$59,481.7	$12,543.7	$21,410.0			$33,953.7
		Section 6 Total	$127,867.3	$2,300.0	$400.0		$130,567.3	$36,513.0	$63,426.4			$99,939.4
		Sections 5 and 6 Total	$1,747,876.1	$105,674.5	$8,681.9	$330,960.4	$2,193,192.9	$922,337.8	$208,490.9	$8,000.0	$16,909.0	$1,155,737.7
		Section 7 Total		$31,250.0	$106,990.8	$78,552.4	$216,793.2		$36,250.0	$66,636.4	$81,052.4	$183,938.8
		Section 9 Total						$197,000.0				$197,000.0
		Sections 5, 6, 7, and 9 Total	$1,747,876.1	$136,924.5	$115,672.7	$409,512.8	$2,409,986.1	$1,119,337.8	$244,740.9	$74,636.4	$97,961.4	$1,536,676.5
		Section 10 Fund Transfers						$1,350,000.0	$22,000.0			$1,372,000.0
		Total All Sections	$1,747,876.1	$136,924.5	$115,672.7	$409,512.8	$2,409,986.1	$2,469,337.8	$266,740.9	$74,636.4	$97,961.4	$2,908,676.5