LFC Hearing Brief

NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

AGENCY: Various

DATE: September 23, 2026

PURPOSE OF HEARING: Summary of special appropriations spending

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EXPECTED OUTCOME: Informational

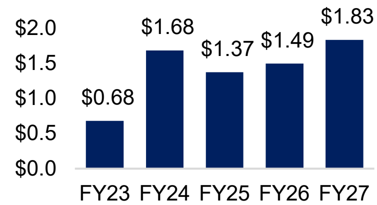
Nonrecurring Appropriations Update:

Since the 2022-2023 fiscal year (FY23), nonrecurring special, supplemental, and deficiency appropriations have increased by 170 percent, from $680 million to $1.83 billion. As the Legislature has appropriated more funds, LFC has monitored spending through briefs and evaluation reports. Overall, 75 percent and 68 percent of each special appropriation in FY25 and FY26 was expended, respectively. Additionally, on average 91 percent of the two-year FY25 and FY26 member-selected projects funded through the Government Results and Opportunity fund (GRO-D) were expended as of August 2026. However, spending alone does not determine whether a nonrecurring appropriation was successful.

Increases in Nonrecurring

Over the past several years, special appropriation funding has increased significantly, growing from a total of $678 million in specials, supplementals and deficiencies in FY23 to $1.83 billion in FY27. In 2026, the Legislature also appropriated $50 million for member-directed GRO-D appropriations. Tracking specials, supplementals, deficiencies, and member-directed appropriations has become more important as the amount appropriated has increased. LFC is conducting in-depth outcome reports on nonrecurring appropriations, including reports focused on housing, education, and behavioral health.

Nonrecurring Special, Supplemental, and Deficiency Appropriations FY23-FY27 (in billions)



Source: LFC post-session reports

Total nonrecurring appropriations have increased 170 percent since 2022.

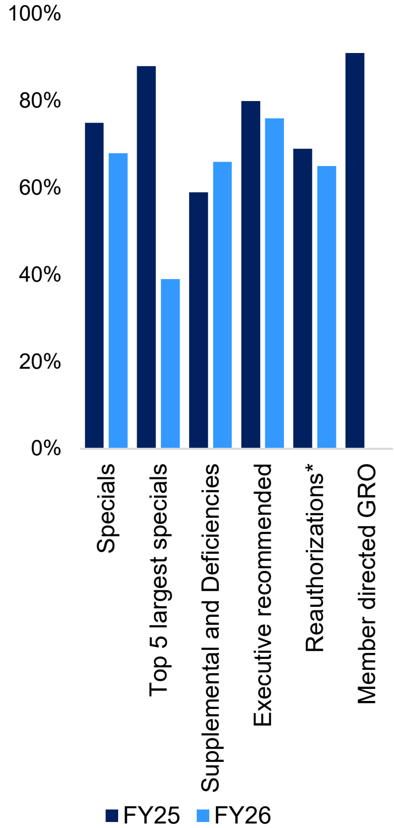
The General Appropriation Act of 2026 appropriated around $1.83 billion in nonrecurring appropriations (specials, supplementals, and deficiencies) for FY27, a large increase from the 2022 act, which authorized FY23 spending of $678 million, with $1.49 billion from the general fund. An analysis of nonrecurring spending from FY25 and FY26 finds appropriations requested by the executive and first-time appropriations, as opposed to reauthorizations, have a higher average percent expended than other appropriations. Furthermore, among the top five largest appropriations in FY25 and FY26, the share expended ranged from 0.1 percent to 100 percent, and outcomes also varied, from clear spending for the intended purpose to limited outcomes provided to date.

Nonrecurring appropriations in FY25 and FY26 not requested by the executive were less likely to be expended. Overall, 74 percent of special appropriations funds, excluding reauthorizations and funds for higher education institutions, were expended in FY25. For special appropriations from FY25, on average 75 percent of each special appropriation, excluding appropriations to higher education institutions, was expended. Appropriations that were not requested by the executive were less likely to be expended, a trend LFC previously reported in 2024 (75 percent for nonexecutive requested

Key Points

- Appropriations for specials, supplementals and deficiencies increased 170 percent from 2022 to 2026, pg. 1.
- Specials, supplementals, and deficiency appropriations from 2024 and 2025 have mostly been spent, pgs.1-2.
- Supplemental and deficiency spending is lower, and agency-requested appropriation spending is higher, than overall average spending, pgs. 1-2.

Average Percent of Appropration Expended, FY25 versus FY26



Note: Reuthorizations report percent expended out of total budgeted. FY26 spending has not been finalized and may change.

Source: SHARE

appropriations and 80 percent for executive requested). Reauthorizations also had a lower expenditure rate, averaging 69 percent, compared to 77 percent for new appropriations. Of the FY25 nonrecurring special appropriations reviewed, roughly 10 percent of the appropriations expended less than 25 percent, including multiple appropriations to the Office of the Attorney General, the Department of Finance and Administration (DFA), the Energy, Minerals and Natural Resources Department (ENMRD), the Health Care Authority (HCA), the Office of Superintendent of Insurance, the Public Education Department, and the State Engineer. Supplemental and deficiency appropriations had a lower average expenditure rate, at 59 percent.

Overall, agencies expended 55 percent of funds, excluding reauthorizations and those for higher education institutions, in FY26. When looking at specific appropriations for special nonrecurring appropriations, agencies expended about 68 percent of the total appropriation on average, lower than the 76 percent in FY25. Similar to FY25, when the executive recommendation did not include the special appropriation, the funding was less likely to be spent than when it was requested in the executive budget (76 percent if requested versus 62 percent if not requested). Furthermore, in FY26, reauthorizations were also less likely to expend their budgeted amounts (65 percent versus 68 percent). Additionally, supplemental and deficiency appropriations had a higher expenditure rate than in FY25 at 66 percent. For roughly 20 percent of the appropriations reviewed, 25 percent or less of the appropriation was expended, including more than three appropriations to the Economic Development Department, or EDD, (four appropriations with less than 25 percent expended), DFA (four appropriations with less than 25 percent expended), EMNRD (nine appropriations with less than 25 percent expended), and HCA (12 appropriations with less than 25 percent expended).

To date, the five largest FY26 specials have expended 39 percent of total appropriations, far less than in FY25, when 88 percent was expended, highlighting the variable outcomes of special appropriation funding. Of the five largest special appropriations in FY26, two were multiyear (to the Public School Facilities Authority for e-charging stations and to HCA for regional behavioral health), and one (to EDD for trade ports) is nonreverting. Some of the largest appropriations were mostly or fully expended for the stated purpose. For instance, HCA received two large special appropriations, one for eligible healthcare facilities and one for the Behavioral Health Investment and Reform Act (BHIRA). However, other appropriations have faced challenges; for instance, EDD received $50 million for trade ports but has spent only $48 thousand to draft rules. The program recently hired a new manager, and the previous vacancy likely at least partially contributed to these delays. Additionally, the Workforce Solutions Department and DFA spent their entire $110 million housing appropriations. WSD contracted for the creation of roughly 2,200 units or beds but did not report how many units or beds have been completed to date. Additional details on all housing appropriations are included in the LFC *Housing Progress Report* presented on September 22, 2026. (See the next page for a table summarizing these appropriations).

Five Largest Special Appropriations, in thousands, GAA FY25 and FY26 (in thousands)

Fiscal Year	Agency	Short Purpose	Total Appropriated	Total Spent	% Expended	Outcomes Reported
FY25	DFA	For the opportunity enterprise revolving fund	$175,000	$175,000	100%	NMFA stated projects funded so far include workforce housing townhomes in Taos, the Santa Fe midtown project, military housing in Alamogordo, and the apartments in Albuquerque.
FY25	DFA	For fiscal year 2025 to provide matching assistance to local entities for matching local and federal funds	$75,000	$37,167	50%	DFA has provided $37.2 million in match fund assistance to local governments and higher education institutions.
FY25	GSD	For healthcare costs.	$54,506	$54,506	100%	Appropriation was used for health insurance costs in the state's group benefits fund. Rates were frozen for several years, requiring direct general fund infusion to avoid insolvency.
FY25	HCA	For subsidies to certain eligible healthcare facilities	$50,000	$44,261	89%	HCA distributed $44.3 million for emergency medical services, inpatient services, and inpatient acute care. Distributions have been to hospitals across the state.
FY25	DFA	For the water projects fund	$50,000	$50,000	100%	The appropriation was transferred to the New Mexico Finance Authority, which did not provide an update on these funds.
FY26	DFA	To support housing,	$110,000	$109,968	100%	$109 million was transferred to WSD, who contracted for 2,200 units/beds, but did not report on number delivered to date
FY26	PSFA	For electric vehicle charging infrastructure for school districts, for expenditure in fiscal years 2026 through 2028,.*	$60,000	$10,250	17%	$10.3 million awarded to four schools to date. PSFA is currently reviewing 31 applications from the second and third application cycles.
FY26	HCA	For behavioral health funding priorities identified in regional plans pursuant to the Behavioral Health Investment and Reform Act, eligible for expenditure in fiscal year 2027.*	$50,000	$20,755	42%	Distributions were made for Behavioral Health Reform and Investment Act early access grants, allowing regions to launch new or expand existing services. Each grant was made to accountable entities within each of 13 regions established under the act.
FY26	DFA	For regional recreation centers and quality of life grants.	$50,000	$18,449	37%	$18.4 million was expended. Grants have gone to local governments such as the Cities Santa Rosa and Farmington. Eligible uses include planning and design, recreational equipment purchases, and construction of facilities .
FY26	EDD	To the trade ports development fund in fiscal year 2026, contingent on enactment of House Bill 19 or similar legislation*	$50,000	$48	0.1%	To date, EDD has spent $50 thousand to draft rules and policies related to the act. So far, the agency has opened up applications for trade port designations. The agency reports receiving over a dozen applications. Eligible districts will then be eligible for funding through EDD. EDD has indicated it plans to open applications for funding later this fiscal year.

Note: FY26 expenditures have not been finalized. Appropriations with an * are multiyear or nonreverting

Source: SHARE

For information about each special appropriation, see the dashboard (linked by the QR code in the sidebar).

Member-Directed Appropriations (GRO-D)

Member Directed Appropriations (in millions)

Year	Total Amount	Amount to COGs and EDDs
2024 GAA	$100	$31.9
2026 GAA	$50	$32.9
Total	$150	$64.8

Source: 2024 GAA, 2026 GAA

In 2024, the Legislature appropriated $100 million in member-directed appropriations. These appropriations were for two years and funded through the end of FY26. Many of these appropriations were for local projects, with 31.9 percent of funds provided to economic development districts and councils of government (COGs) through a pass-through to the Department of Finance and Administration (DFA). State agencies and higher education institutions received 68.1 percent of the funds.

2024 Member Directed GRO-D Percent Expended by Agency for FY25 and FY26

Agency	Appropriated Amount (1,000s)	Average % Expended
OAG	$200	8%
DOT	$600	24%
LFC	$600	69%
OST	$160	79%
PED	$7,000	83%
DOH	$4,000	86%
CYFD	$3,720	93%
WSD	$200	95%
DFA (agency only)	$24,140	95%
COGs and EDDs	$31,880	96%
IAD	$1,560	97%
DPS	$680	97%
OSE	$360	98%
Court of Appeals	$200	98%
DCA	$1,120	99%
VSD	$560	99%
Supreme Court	$600	100%
AOC	$720	100%
Commission for the Deaf	$200	100%
ALTSD	$160	100%
CVRC	$1,680	100%
Tourism	$2,160	100%
DOE	$240	100%
OAAA	$160	100%
11th DA	$200	100%
HED	$1,120	100%
EDD	$360	100%
Total		**91%**

Note: COGs are councils of governments; EDD are economic development districts

Source: SHARE

FY25-FY26 Expenditure information

In 2024, excluding the $15 million appropriated to higher education institutions, the Legislature appropriated $84.58 million in member-directed projects; $77 million, or 91 percent, was expended. The average expenditure for each special appropriation was 91 percent, including 11 agencies that spent 100 percent of their appropriations. The agencies with the lowest average expenditure were the Office of the Attorney General at 8 percent and the Department of Transportation at 24 percent. Agencies tended to spend a greater proportion of member-directed GRO-D funds than special appropriations.

Changes in DFA Guidelines for Local Councils of Government.

The Accountability in Government Act was amended during the 2026 session to require governmental entities that receive Government Results and Opportunity (GRO) funds to submit an evaluation plan to DFA and LFC. DFA extended these evaluation requirements to member-directed GRO appropriations (GRO-D). To receive their grant agreements, COGs and economic development districts were required to agree to submit an evaluation for each appropriation.

Currently, all COGs have signed grant agreements, and DFA is working to award funds to local governments and nonprofits. This negotiation process delayed the dispersal of 2026 member-directed GRO funding. LFC will report expenditure information regarding 2026 member-directed GRO in the next installation of this dashboard and brief.