

Monday, December 9 ([click here for webcast](#))

The following members and designees were present on Monday, December 9, 2024: Chairman George K. Muñoz; Vice Chairman Nathan P. Small; Senators Nancy Rodriguez, Roberto “Bobby” J. Gonzales, Pat Woods, William E. Sharer, Benny Shendo Jr., David M. Gallegos, and Pete Campos; and Representatives Meredith A. Dixon, Harry Garcia, Jack Chatfield, Debra M. Sariñana, Brian G. Baca, and Derrick J. Lente. Guest legislators: Senator Jeff Steinborn and Representatives Anthony Allison, Christine Chandler, Art De La Cruz, Joy Garratt, Pamela Herndon, Tara L. Lujan, Javier Martinez, and Rod Montoya.

FY25 and FY26 General Fund Revenue Projections (9:34 AM, [click here for meeting materials](#)). The Consensus Revenue Estimating Group (CREG)—Taxation and Revenue Department Secretary Stephanie Schardin Clarke, Department of Finance and Administration Secretary Wayne Propst, and LFC Chief Economist Ismael Torres—presented the general fund financial summary and revenue outlook. Currently, economic growth is moderate. U.S. real gross domestic product (RGDP) increased 2.8 percent in the second quarter of 2024, exceeding expectations. New Mexico RGDP growth also exceeded expectations, but lower than the national rate. Inflation has moderated and the labor market is strong, but cooling. New Mexico’s unemployment rate is currently 4.3 percent, slightly above the national rate.

Oil prices averaged \$78.50 per barrel (bbl) in FY24 and are projected to average \$70.50/bbl in FY25. New Mexico FY24 oil production was a record high, but growth is expected to slow. Likewise, FY24 natural gas production was an all-time high, with prices averaging \$3.16 per thousand cubic feet (mcf). Prices are expected to moderate in the near term, and then gradually increase in the out years due to a rising demand for U.S. natural gas abroad.

Fiscal year 2024 recurring revenue from all sources is estimated at \$13.05 billion, up \$1.46 billion from FY23. As legislative changes to the tax code take effect and economic activity softens, revenue growth is expected to grow 1.6 percent in FY25 and 2.6 percent in FY26 before returning to more typical growth rate of 3 percent in FY27 and beyond. Estimated recurring revenue is estimated at \$13.26 billion for FY25 and \$13.618 billion for FY26. The general fund reserve is currently estimated at \$3.16 billion, 33 percent of recurring appropriations.

Taxation and Revenue Department (333) (11:22 AM, [click here for meeting materials](#)). Outlining FY26 budget priorities, Secretary Stephanie Schardin Clarke said the Taxation and Revenue Department (TRD) requests an operating budget totaling \$140.6 million, an \$8.4 million increase over FY25. The request includes \$5.5 million from fund balance and \$86.2 million from the general fund. TRD requests the increase to cover increased IT and audit costs, maintain tax and motor vehicle contracts, and reduce budgeted vacancy savings. Secretary Schardin Clarke pointed out several new tax programs have been added to tax administration since FY19 without additional FTE. TRD also requests special appropriations: \$5 million for new legislation implementation, and \$1 million for IT contractual services.

Economic Development and the Effects of Demographic Changes in the Workforce (1:35

PM, [click here for meeting materials](#)). James Johnson Jr., professor of strategy and entrepreneurship and director of the Urban Investment Strategies Center at the University of North Carolina, talked about the demographic shifts occurring in the United States that are reshaping the workforce, consumer markets, and social institutions, with a significant redistribution of population, especially to the South. Southern states, like Texas, Florida, North Carolina, and Georgia, are experiencing rapid growth, while regions in the Northeast and Midwest are losing population. Additionally, the United States is undergoing a demographic transformation with a growing diversity, marked by the "browning" and "graying" of the population. The browning is driven largely by an influx of immigrants from Latin America, Asia, and the Middle East, significantly changing the racial and ethnic makeup of the country. At the same time, the population is aging, which will pose new challenges and opportunities for economic growth and social cohesion. New Mexico, while it experienced modest growth from 2010 to 2020, is experiencing a declining white population and an overall demographic shift toward people of color. Professor Johnson said managing these demographic changes is crucial for the nation's future prosperity and competitiveness in an uncertain global economy.

Department of Health (665) (2:45 PM, [click here for meeting materials](#)). Gina DeBlassie, interim secretary of the Department of Health (DOH), outlined the agency's current priorities and FY26 budget request. DOH requests \$243.9 million from the general fund, a \$42.8 million increase over FY25. A large portion of the increase is for personnel compensation, rent, and other operating costs. The increase also includes \$2.6 million for food support, \$2.3 million for public health mobile unit staffing, \$2.4 million for the DOH hotline, \$1.1 million for a climate health program, \$4 million for a substance use disorder program in San Miguel County, and \$10.8 million for operational cost of the Behavioral Health Institute and Los Lunas Community Program. Ms. DeBlassie said DOH also requests nonrecurring funding, including a \$3 million special appropriation for local health councils and \$2.3 million supplemental appropriation for a projected shortfall in the Facilities Management Program.

Economic Development Department (419) (3:26 PM, [click here for meeting materials](#)). Rob Black, secretary designee of the Economic Development Department (EDD), highlighted performance of key economic development initiatives in the state. Since 2019, the Local Economic Development Act (LEDA) has created 13 thousand jobs and the Job Training Incentive Program (JTIP) has assisted 221 companies with funding to train their workforce. Among other initiatives, EDD is connecting innovation infrastructure to the commercial market, developing the outdoor recreation economy, and building a resilient food and agriculture supply chain. Mr. Black said EDD's focus is to align the state's economic strategy with long-term goals, tied to metrics and tactics.

EDD Deputy Secretary Isaac Romero said EDD requests \$29.3 million from the general fund for FY26, a \$3 million increase over FY25. The increase includes \$1 million for JTIP, \$1 million for the New Mexico Partnership contract, and \$207 thousand for 2 additional FTE: entrepreneur specialist and marketing coordinator. EDD projects a \$2.6 million decrease in federal funding. Mr. Romero said EDD also requests special appropriations, including \$3 million for the outdoor equity fund, \$3.2 million for healthy food financing program, \$38 million for LEDA, and \$10 million for JTIP.

Staff Report: New Mexico Environment Department (667) (4:50 PM, [click here for meeting materials](#)). LFC Analyst Scott Sanchez said the Environment Department (NMED) requests an operating budget of \$199 million for FY26, a \$48.1 million decrease from FY25. The large reduction is largely due to a \$23.6 million decrease in federal funding and a change in budgeting practices. Specifically, NMED is dismantling the Special Revenues Program, a budgetary program that moved the agency's other transfer funds from the special revenues program to the corresponding program. This created a duplicating of these funds. NMED's request would move past this budgeting practice and budget the other transfer funds within the programs that use them, ending the duplicating of the funds. Another component of the budget request is the creation of a new program, the Compliance and Enforcement Division (CED). The new program would take over the enforcement of the permits, rules, and regulations NMED administers, work currently done by personnel who issue and process permits and administer the enforcement of them. By separating the two actions, performance and efficiency have the possibility of improving. To accomplish the creation of CED, while keeping the general fund budget flat, NMED requests the movement of funds and personnel from other programs to CED. NMED also requests an increase of 74 permanent personnel and a decrease of 16 term personnel.

Tuesday, December 10 ([click here for webcast](#))

The following members and designees were present on Tuesday, December 10, 2024: Chairman George K. Muñoz; Vice Chairman Nathan P. Small; Senators Nancy Rodriguez, Roberto “Bobby” J. Gonzales, Pat Woods, William E. Sharer, Benny Shendo Jr., David M. Gallegos, and Pete Campos; and Representatives Meredith A. Dixon, Harry Garcia, Jack Chatfield, Gail Armstrong, and Debra M. Sariñana. Guest legislators: Senator Jeff Steinborn and Representatives Anthony Allison, Art De La Cruz, Joy Garratt, Tara L. Lujan, and Rod Montoya.

Health Care Authority (630) (8:30 AM, [click here for meeting materials](#)). Kari Armijo, secretary of the Health Care Authority (HCA), outlined the agency's current priorities: ensure access to healthcare, provide greater protection and reduce risk for vulnerable New Mexicans, and fix structural underfunding to assure performance and meet state and federal requirements. HCA's FY26 budget request of \$15.5 billion is \$3.3 billion above FY25 and includes \$2.2 billion from the general fund, a \$255.8 million increase. A large portion of the increase is non-general fund spending related to enactment of a new hospital assessment to leverage federal Medicaid dollars to increase hospital reimbursements to the average rate of commercial payors, significantly above traditional Medicaid rates. Much of the other requested increases also occur in the programs comprising the state's Medicaid program and are primarily for continued provider rate adjustments, healthcare inflation, Medicaid enrollment growth, increased developmental disabilities Medicaid waiver utilization, and further rate adjustments for certain elderly care providers and behavioral health providers. Additionally, the authority requested to adjust salaries across nearly all its ten programs. Secretary Armijo said HCA also requests nonrecurring funding, including a \$124 million supplemental appropriation for a shortfall in the State Health Benefits Program.

Children, Youth and Families Department (690) (10:21 AM, [click here for meeting materials](#)). Highlighting key information to facilitate LegisStat discussion, Rachel Mercer Garcia said New Mexico's child welfare system faces a variety of challenges, including high rates of child maltreatment and repeat maltreatment, high turnover and vacancy rates among child protective services workers, and insufficient numbers of foster care homes and treatment placements.

Evidence-based options and programs may prevent maltreatment, and a professional, well-supported workforce can improve outcomes for children and families. In recent years, New Mexico enacted legislation and significantly increased appropriations in support of these objectives, but the state has faced implementation challenges.

Children, Youth and Families Department (CYFD) Secretary Teresa Casados reported on the progress to strengthen New Mexico's child welfare system, noting the state recently submitted the federally mandated Family First Plan. CYFD is focused on providing families with programs and services that prevent maltreatment. Over the last few months, repeat maltreatment has decreased from 15 percent to 14.3 percent. To recruit and retain more foster parents, CYFD has seven dedicated positions solely for recruitment efforts and regularly conducts foster parent meetings and appreciation events. Since January, CYFD has licensed 124 new non-relative foster homes and increased foster family supports and behavioral health services, including Foster Care +, a program to address the gap in placements for children with higher treatment needs. CYFD still faces workforce challenges despite the 207 new employees hired since July. In response, the agency is participating in numerous hiring events, advertising in various media, and connecting in social work student programs, including internships. To support and retain its workforce, CYFD is developing a worker wellness program and providing critical training. For FY26, CYFD requests \$298.7 million from the general fund, a \$37.75 million increase over FY25. The increase would be used to hire additional case workers, maintain group homes, create a new workforce training program, cover insurance premiums, and backfill \$13 million in lost federal revenue.

Program Evaluation: New Mexico Corrections Department Re-Entry (1:22 PM, [click here for meeting materials](#)). LFC Program Evaluators John Valdez, Ph.D., and Ryan Tolman, Ph.D., presented the report *New Mexico Corrections Department Reentry*. The Corrections Department (NMCD) manages eight prisons and two private prisons, overseeing a population of approximately 5,864 incarcerated individuals, with an additional 13.5 thousand offenders under probation and parole supervision. Despite a variety of educational, career, substance abuse, anger management, and reentry programs, recidivism rates remain high, with around 40 percent of released individuals returning within three years. This rate is above the national average, and though improvements have been made, New Mexico falls short in applying best practices for offender intake, reentry, and community supervision. Key issues include inconsistent offender classification, underuse of assessment tools, and high caseloads for probation and parole officers. LFC staff recommendations include funding an opioid treatment program, ensuring access to identification for released individuals, improving data tracking for programs, lowering probation officer caseloads, and implementing medication-assisted treatment in all correctional facilities.

NMCD Secretary Alisha Tafoya Lucero talked about the agency's ongoing efforts to improve reentry and reduce recidivism through a unified approach combining probation, parole, and prison management. The secretary reported a 10 percent reduction in recidivism, with particular success seen among participants in key treatment programs. Due to the shortage of behavioral health providers and limited program capacity, NMCD innovated with digital tools like tablets for self-help programs. NMCD also integrated evidence-based curricula and expanded vocational training. New initiatives, like the corrections industries store and supportive housing program, are showing promise. However, data system challenges, particularly during the transition to the offender management network information system, have hindered some efforts.

Corrections Department (770) (2:58 PM, [click here for meeting materials](#)). Secretary Alisha Tafoya Lucero said the Corrections Department (NMCD) requests \$357.5 million from the general fund for FY26, a \$20.3 million increase over FY25. Majority of the increase is for the Inmate Management and Control Program to address rising medical and behavioral health costs, inflation, General Services Department rate hikes, and salary shortfalls. The increase also includes \$2.7 million for the Reentry Program to expand peer support and transitional living services. NMCD also requests \$36 million in Government Results and Opportunity funding for its medication assisted treatment program.

Anti-Donation Clause (3:29 PM, [click here for meeting materials](#)). Jeremy Farris, executive director of the State Ethics Commission, provided an overview of New Mexico's anti-donation clause, Article IX, Section 14, of the state's constitution. This clause prohibits state and local governments from making donations or pledging credit to private enterprises, including corporations or individuals, except under specific constitutional exceptions. The clause contains two key components: the credit clause, which restricts governments from guaranteeing loans or issuing bonds for private companies, and the gift clause, which prevents subsidies or donations to private entities. Judicial exceptions were outlined, including government contracts for services, revenue bond financing, and transfers between government agencies, as well as legislative exceptions for providing aid to the indigent, veterans, and essential services. Mr. Farris remarked on the clause's role in safeguarding public funds from being misused for private interests, warning of the risks associated with repealing it, including potential ethical issues, increased competition for unregulated subsidies, and pressures on public services and government capacity.

Review of LFC Capital Outlay Framework (3:50 PM). LFC Analysts Cally Carswell and Antonio Ortega presented a capital outlay framework for the committee to consider adopting for the upcoming legislative session. In their prioritization, LFC staff considered factors such as project readiness, federal funding leverage, and state risk mitigation. Capital projects continue to face several challenges, including high construction costs, supply chain issues, and workforce constraints. Given historically high capital funds, LFC staff recommend the Legislature prioritize the completion of existing projects due to limited capacity for new ones. New capital outlay requests from state agencies, judicial entities, and higher education institutions total \$1.7 billion. Ms. Carswell highlighted key requests.

Wednesday, December 11 ([click here for webcast](#))

The following members and designees were present on Wednesday, December 11, 2024: Chairman George K. Muñoz; Vice Chairman Nathan P. Small; Senators Nancy Rodriguez, Roberto “Bobby” J. Gonzales, Pat Woods, William E. Sharer, Benny Shendo Jr., David M. Gallegos, and Pete Campos; and Representatives Art De La Cruz, Harry Garcia, Jack Chatfield, Gail Armstrong, Debra M. Sariñana, Brian G. Baca, and Derrick J. Lente. Guest legislators: Representatives Anthony Allison, Cathrynn N. Brown, Christine Chandler, Tara L. Lujan, and Rod Montoya.

Higher Education Institutions (952-977) (8:38 AM, [click here for meeting materials](#)). Stephanie Rodriguez, secretary of the Higher Education Department, said New Mexico's higher education institutions request \$1.42 billion for FY26. The request comprises \$972.8 million for instruction and general (I&G) operations, a 3 percent increase over FY25, and \$139.8 million for research and

public service projects (RPSPs). Twelve of the 25 new RPSPs submitted were approved.

Council of University Presidents Chairman Joe Shepard, New Mexico Independent Community Colleges Chairwoman Becky Rowley, and New Mexico Association of Community Colleges Chairwoman Monica Torres outlined FY26 budget priorities of New Mexico's higher education institutions, including \$42 million for retention and workforce development, \$4 million for student services, \$8 million for faculty compensation, and additional funding for insurance premium increases. Nonrecurring funding requests include \$10 million for dual credit, \$10 million for campus safety, \$11.7 million for cybersecurity, and \$50 million for the technology enhancement fund. The higher education leaders talked about the need to support financial aid programs like the Opportunity and Lottery scholarships, as well as a 5 percent increase in funding for institutional growth and a 4 percent increase in compensation to stay competitive.

Higher Education Department (950) (10:34 AM, [click here for meeting materials](#)). Stephanie Rodriguez, secretary of the Higher Education Department (HED), remarked on the significant growth in adult education enrollment. For FY26, HED requests a general fund increase of \$14.8 million. Majority of the increase is for the Policy Development and Institutional Financial Oversight Program to support adult education, tribal assistance, and other initiatives. The increase also includes \$1.4 million for the Student Financial Aid Program, split between four graduate student financial aid programs.

University of New Mexico Health Sciences Center (10:36 AM, [click here for meeting materials](#)). Mike Richards, M.D., vice president of the University of New Mexico Health Sciences Center (UNM-HSC), talked about the ongoing work to expand access to healthcare and education in the state, highlighting success of the Medicaid directed payment program in growing clinical and graduate medical education programs and improving compensation among faculty, staff, and residents. When complete, the critical care tower will double UNM Hospital's capacity and add 354 physician faculty members to the School of Medicine. Outlining FY26 funding requests, Dr. Richards said UNM-HSC requests \$28.1 million in research and public service project funding, including \$14.7 million for the Office of Medical Investigator and \$5.7 million for the College of Population Health. UNM-HSC also requests \$32.65 million in capital outlay, including \$28.5 million for phase two renovation of the College of Pharmacy. Dr. Richards talked about the need to replace and expand the School of Medicine.

Tribally Controlled and Administered Colleges (11:55 AM, [click here for meeting materials](#)). Institute of American Indian Arts (IAIA) President Robert Martin, Navajo Technical University (NTU) Vice President Jason Arviso, and Dine College Legislative Affairs Director Crystal Carr Cook outlined FY26 budget priorities of the New Mexico tribal college consortium, including dual credit programs, which they said have significantly increased student success. While no new capital project funding is being requested this cycle, ongoing projects, such as a key card access system at IAIA and a loop road at SIPI, are continuing. NTU is seeking additional funding for safety infrastructure and the completion of its new academic building. Additionally, \$5 million is requested for the Shiprock Agricultural Multi-Purpose Center, which aims to support regional economic development and agricultural training.

Special Schools: New Mexico School for the Deaf (980), New Mexico School for the Blind and

Visually Impaired (979), New Mexico Military Institute (978) (2:03 PM, [click here for meeting materials](#)). New Mexico School for the Deaf (NMSD) Superintendent Jennifer Herbold, New Mexico School for the Blind and Visually Impaired (NMSBVI) Superintendent Heather Miller, and New Mexico Military Institute (NMMI) Chief of Staff David West outlined current activity and FY26 budget priorities. Among funding needs for research and public service projects, NMSD requests \$140 thousand for its infant hearing diagnostic program. The education leaders asked legislators to consider additional funding for special schools to cover salary increases, stipends, and other rising costs.

Cooperative Extension Service/Agriculture Experiment Station (2:54 PM, [click here for meeting materials](#)). The Cooperative Extension Service (CES) requests a \$575 thousand increase in state funding, which Director Jon Boren said is needed to meet rising operation costs and higher insurance premiums. Mr. Boren said CES programs work to address emerging issues, including agricultural and environmental challenges.

The Agriculture Experiment Station (AES) also requests an increase in state funding—\$972 thousand—to meet rising operation costs and higher insurance premiums. Mr. Boren said AES is focused on developing real world solutions to agricultural challenges.

New Mexico Department of Agriculture (2:54 PM, [click here for meeting materials](#)). Jeff Witte, secretary of the Department of Agriculture (NMDA), provided an overview of current activity and FY26 budget priorities. In FY25, NMDA received \$2.8 million from the land of enchantment legacy fund for soil and water conservation and noxious weed management. For FY26, NMDA requests \$3.4 million from the legacy fund to increase efforts. For operations, the requests \$17.4 million from the general fund, a \$1.2 million increase over FY25. The increase includes \$500 thousand for compensation parity. NMDA also requests \$430 thousand in nonrecurring funding for the value-added market development and approved supplier program.

Policy Spotlight: New Mexico’s Public Light-Duty Electric Vehicle Charging Infrastructure (3:42 PM, [click here for meeting materials](#)). LFC Program Evaluator Josh Chaffin presented a report on New Mexico’s public light-duty electric vehicle charging infrastructure. In November 2023, New Mexico's Environmental Improvement Board revised the state's vehicle emission standards, mandating 43 percent of new passenger vehicle sales be zero-emission by 2026, rising to 82 percent by 2032. Achieving these targets relies heavily on the development of accessible public charging infrastructure. New Mexico received pledges of \$48 million in federal funding, of which \$26.8 million has yet to be received. The state has made progress through public-private partnerships, with 20 new charging stations under construction. Although New Mexico has fewer charging stations than the national average, the infrastructure is well-balanced in relation to current electric vehicle (EV) ownership. However, regional disparities persist, with 73 percent of charging stations located in urban areas and less than 4 percent on tribal lands, despite these areas comprising a significant portion of the state’s land. These gaps are expected to be addressed in future phases, but present challenges to meeting the EV adoption goals, especially in rural areas. LFC staff recommendations for the Department of Transportation (NMDOT) include enhancing technical assistance for tribal governments, exploring successful EV infrastructure strategies in peer states, monitoring potential utility demand adjustments, and providing a report on charging station cost variations by 2025.

Department of Transportation (805) (4:16 PM, [click here for meeting materials](#)). Department of Transportation (NMDOT) Secretary Ricky Serna, Chief Economist Michael Morrison, and Administrative Services Director Mallery Manzanares outlined the agency’s FY26 budget request, detailing anticipated revenues and funding allocations. NMDOT projects \$557 million in recurring state road fund revenues, a \$6.4 million increase over FY25, driven by higher road fund interest, special fuel taxes, and vehicle excise taxes. However, gasoline tax revenue is expected to decline in the coming years due to more fuel-efficient and electric vehicles. NMDOT's overall budget request is \$1.3 billion, a \$30.5 million decrease from FY25. The budget includes allocations for key programs, including construction, highway operations, and transit. The agency also requests \$350 million in special appropriations—\$325 million for maintenance and construction, \$15 million for the rural air service enhancement fund, and \$10 million for the beautification program—and \$61.2 million in capital outlay—\$31.2 million for facility and infrastructure improvements, \$10 million for heavy equipment and light duty vehicles, and \$20 million for electric vehicle charging infrastructure.

IT Framework (4:52 PM, [click here for meeting materials](#)). LFC Analyst Emily Hilla said 16 agencies submitted 31 requests for IT appropriations totaling \$317.1 million, including \$93 million from the general fund. New projects include \$5 million to implement a new ethics e-file system at the Secretary of State and \$3 million to replace the water measurement system at the Office of the State Engineer. Thirteen agencies submitted 30 requests to reauthorize prior-year appropriations through FY25. Originally, those appropriations totaled \$408.9 million across state and federal funds. Reported balances requested to be reauthorized total \$216 million, or roughly 53 percent. Ms. Hilla said two projects at the Health Care Authority—Medicaid management information system replacement and child support enforcement replacement—account for six of the 30 reauthorization requests, with \$95 million remaining in unspent balances. This is in addition to the \$34 million in general fund revenue requested for the projects in FY26.

Thursday, December 12 ([click here for webcast](#))

The following members and designees were present on Thursday, December 12, 2024: Chairman George K. Muñoz; Vice Chairman Nathan P. Small; Senators Nancy Rodriguez, Roberto “Bobby” J. Gonzales, Pat Woods, William E. Sharer, Benny Shendo Jr., David M. Gallegos, and Pete Campos; and Representatives Art De La Cruz, Harry Garcia, Jack Chatfield, Gail Armstrong, Debra M. Sariñana, Brian G. Baca, and Derrick J. Lente. Guest legislators: Representatives Anthony Allison, Cathrynn N. Brown, Tara L. Lujan, and Rod Montoya.

Public School Support (8:46 AM, [click here for meeting materials](#)). Mariana Padilla, secretary designee of the Public Education Department (PED), outlined the FY26 budget request for public school support. The request includes a \$221.4 million increase in recurring general fund appropriations, primarily for the K-12 Plus, free lunch, and Indian education programs, and a \$108 million increase in state equalization guarantee (SEG) distributions for public schools, which does not include salary increases. PED also requests \$199.5 million for 19 nonrecurring general fund initiatives and other expenses, largely maintaining existing pilot programs and moving some items to recurring special programs.

Public Education Department (9:17 AM, [click here for meeting materials](#)). Secretary Designee Mariana Padilla said the Public Education Department (PED) requests a \$68.8 million operating

budget for FY26, a \$2.8 million increase over FY25. The request includes a \$3 million increase from the general fund for salaries, rent, and a 15 FTE expansion for the Office of Special Education. PED also requests \$4.4 million in special appropriations—\$500 thousand for *Martinez-Yazzie* legal expenses and \$3.9 million for data quality supports—and \$600 thousand in supplemental appropriations—\$350 thousand for rent and \$250 thousand for positions previously funded with federal funding.

Interim Committee Report: Legislative Education Study Committee (10:22 AM, [click here for meeting materials](#)). Senator William Soules and Legislative Education and Study Committee (LESC) Director Jon Sena outlined funding and policy recommendations for the Legislature to consider next session. In general, LESC's recommendations support regionally competitive compensation, responsive school funding, career and technical education, literacy, behavioral health, and student attendance. Revisions to the state equalization guarantee are among the recommendations, including replacing three indicators of the at-risk index with methodology of the family income index and a standalone component for English learners.

Progress Report: School Transportation (11:01 AM, [click here for meeting materials](#)). LFC Program Evaluators Clayton Lobaugh and Elizabeth Dodson presented a report on New Mexico public school transportation funding, which reached a record high of \$133.8 million in FY25 despite declining enrollment and bus ridership. The Public Education Department (PED) distributes funds to districts based on a formula considering factors like miles driven, ridership, and bus numbers. While the formula works for most districts, efficiency varies widely, and no benchmarks exist to assess district transportation systems. Some districts spend more than allocated, using state operational funds to cover the gap, while others receive excess funds. The Legislature made adjustments to the formula for FY25 to better reflect rurality and address disparities, leading to funding increases for dense districts and decreases for some rural districts. These changes caused significant funding volatility, making planning difficult. LFC staff recommend PED stabilize the funding methodology through FY26, establish efficiency benchmarks by FY26, and leverage the transportation emergency fund to support districts facing funding decreases. Additionally, PED should publish district allocation calculations to improve transparency.

Early Childhood Education and Care Department (611) (1:02 PM, [click here for meeting materials](#)). Elizabeth Groginsky, secretary of the Early Childhood Education and Care Department (ECECD), reported on the progress of state investments in improving the childhood system and the need to expand programs to reach more families statewide. ECECD requests an operating budget of \$995.2 million for FY26, which the secretary said aims to build capacity, improve quality, and enhance outcomes. The request includes a \$165.2 million general fund increase for childcare assistance, prekindergarten, home visiting, the wage and career pilot, and Family, Infant, Toddler provider rates. The request also includes \$287.7 million from the early childhood trust fund, a \$37.5 million increase over FY25, and \$174.8 million from the land grant permanent fund, a \$15.2 million increase.

Quarterly Nonrecurring Spending Update (2:17 PM, [click here for meeting materials](#)). LFC Analyst Maggie Klug reported on the status of nonrecurring funding. As of November, 61 percent of Section 5 special appropriation funds from the 2024 General Appropriation Act have been

encumbered or expended. Special appropriations have supported the recruitment of nearly 810 positions across the state, including firefighters, emergency medical technicians, police officers, and correctional officers. Additionally, over 2,400 individuals have been arrested through a special appropriation to the DFA for felony warrant enforcement statewide. Special appropriations to the Office of the State Engineer, which often take more than one year and require reauthorization, have seen only 17 percent of the \$93.5 million in funding encumbered or expended. Councils of government have encumbered all local government results and opportunity funding, with 14 appropriations making progress in expending funds.

Miscellaneous Business (2:33 PM).

Action Items. Senator Rodriguez moved to adopt the LFC contracts, seconded by Senator Campos. The motion carried.

Senator Rodriguez moved to adopt the LFC subcommittee recommendations, seconded by Representative De La Cruz. The motion carried.

Review of Monthly Financial Reports and Information Items. LFC Director Charles Sallee briefed the committee on information items.

Review of Special, Supplemental, and Deficiency, Requests (2:35 PM, [click here for meeting materials](#)). LFC Analyst Joseph Simon and DFA Analyst Simon Miller reviewed agency requests for special, supplemental, deficiency and information technology appropriations. As seen in recent years, the requests are large, totaling \$3.13 billion: \$3.07 billion from the general fund, \$50.4 million from other state funds, \$1.1 million from interagency transfers, and \$6.5 million from federal revenue. Although the total number of requests is down from 2024, the total value of requests is higher.

Friday, December 13 ([click here for webcast](#))

The following members and designees were present on Friday, December 13, 2024: Chairman George K. Muñoz; Vice Chairman Nathan P. Small; Senators Nancy Rodriguez, Roberto “Bobby” J. Gonzales, Pat Woods, William E. Sharer, Benny Shendo Jr., David M. Gallegos, and Pete Campos; and Representatives Art De La Cruz, Harry Garcia, Jack Chatfield, Gail Armstrong, Debra M. Sariñana, Brian G. Baca, and Derrick J. Lente. Guest legislators: Representatives Anthony Allison, Cathrynn N. Brown, and Tara L. Lujan.

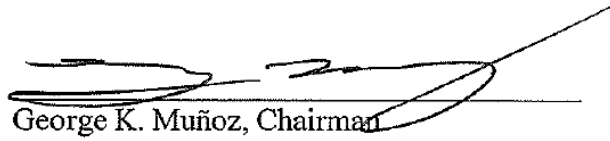
Staff Report: New Mexico Legislature (8:07 AM). LFC Assistant Director Jeannae Leger said the Legislature requests \$54.6 million for FY26, an \$11.7 million increase over FY25.

Final Review (8:55 AM). LFC Director Charles Sallee summarized staff recommendations for FY26 appropriations, including special, supplemental, deficiency, and IT appropriations.

Senator Rodriguez moved to adopt staff recommendations for FY26 appropriations, seconded by Representative Garcia. Senators Woods, Sharer, and Gallegos and Representative Armstrong voted in opposition.

Chairman Muñoz assigned Senators Woods and Campos and Representatives Chatfield and Lente and to the LFC Technical Committee.

With no further business, the meeting adjourned at 9:27 a.m.



George K. Muñoz, Chairman



Nathan P. Small, Vice Chairman