NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

LFC Meeting Minutes
June 16-18, 2026
Ruidoso, NM

Tuesday, June 16 *(click here for webcast)*

The following members and designees were present on Tuesday, June 16, 2026: Chairman Nathan P. Small; Vice Chairman George K. Muñoz; Representatives Debra M. Sariñana, Jack Chatfield, Derrick J. Lente, Joseph Sanchez, Harlan Vincent, Rebecca Dow, and Charlotte Little; and Senators Michael Padilla, Pat Woods, Craig Brandt, Linda M. Trujillo, and Pete Campos. Guest legislators: Representatives Mark Duncan, Joy Garratt, Anita Gonzales, Randall T. Pettigrew, Joseph Franklin Hernandez, and Brian G. Baca.

Welcoming Remarks *(8:39 AM, click here for meeting materials)*. Village of Ruidoso Mayor Lynn Crawford, Lincoln County Commission Chair Mark Fischer and Mescalero Apache Tribe Vice President Duane Duffy welcomed the committee and emphasized that recovery from the South Fork and Salt fires remains in the stabilization phase, with recurring post-fire flooding continuing to threaten homes, infrastructure, tourism, and the regional economy. Local leaders highlighted the importance of state support for watershed restoration, hazard mitigation, the Emergency Watershed Protection buyout program, housing, wildfire prevention, first responder capacity, and infrastructure improvements, noting these investments will reduce future disaster risks while supporting long-term economic resilience. It was also stressed the regional partnership among the village of Ruidoso, Lincoln County, the Mescalero Apache Tribe, and neighboring communities, emphasizing coordinated efforts to restore the Ruidoso Downs racetrack, strengthen forest management, expand housing and workforce development, and build a more resilient economy that is less vulnerable to future wildfires and flooding.

Program Evaluation: SNAP Administration and Performance *(9:40 AM, click here for meeting materials)*. LFC Program Evaluators Alma Kassim and Clayton Lobaugh reported t Supplemental Nutrition Assistance Program (SNAP) provides approximately $1 billion in annual food assistance to more than 21 percent of New Mexicans but faces increasing fiscal and operational challenges. While the Health Care Authority, which administers the program, has improved application processing timeliness, the state's SNAP payment error rate has risen to one of the highest in the nation, largely because of inaccurate eligibility determinations, administrative errors, and weaknesses in case management and oversight. Recent federal policy changes could require New Mexico to backfill up to $173 million annually in SNAP benefit costs if payment accuracy does not improve. Staff recommend strengthening data verification, field office performance management, staff training, fraud detection, and technology modernization, including expanding the use of automation and artificial intelligence, to improve program integrity, preserve federal funding, and maintain timely access to benefits for eligible households.

Health Care Authority Secretary Kari Armijo highlighted improvements in SNAP application timeliness, workforce stability, and caseworker retention while acknowledging the need to reduce the state's SNAP payment error rate. Secretary Armijo reported most payment errors result from client reporting issues, with the remaining errors tied to agency processes, and outlined initiatives to strengthen staff training, eligibility verification, data analytics, automation, and program integrity. Secretary Armijo expressed support for the LFC evaluation recommendations and emphasized that reducing the payment error rate below federal thresholds is critical to avoiding significant state costs under recent federal policy changes while maintaining timely access to benefits for eligible New Mexicans.

Natural Disasters and Wildfires: Emerging Risks *(12:53 PM, click here for meeting materials).* Ronojoy Sen and Peter Muller of the Pew Charitable Trusts highlighted the growing fiscal impacts of natural disasters in New Mexico and emphasized the need for a more proactive approach to disaster budgeting and resilience. They noted New Mexico has experienced $38 billion in weather disasters since 1980, received more than $711 million in federal public assistance since 2003, and continues to face increasing wildfire and flood risks as federal mitigation activities decline. The Pew Charitable Trusts recommended states strengthen disaster preparedness by comprehensively tracking disaster spending, establishing dedicated disaster reserves, investing in mitigation and resilience, improving reporting and oversight, and planning for potential changes to Federal Emergency Management Agency (FEMA) cost-sharing and disaster assistance policies. They outlined key policy considerations for establishing a state disaster reserve, including defining the reserve's purpose, funding levels, revenue sources, treatment of reimbursements, and reporting requirements to improve long-term fiscal sustainability and disaster response.

Program Evaluation: Emergency Orders *(1:48 PM, click here for meeting materials).* LFC Program Evaluators John Valdez and Guillermo Caraveo reported to the committee New Mexico's increasing reliance on emergency orders has expanded executive spending authority while reducing legislative oversight of emergency appropriations. Since 2023, the executive branch has committed $553.8 million through emergency orders, with most funding supporting wildfire, flood, and disaster recovery efforts that often continue for years beyond the initial emergency. The report identifies delayed FEMA reimbursements, inconsistent financial tracking, extensive use of emergency procurement, and limited local administrative capacity as key fiscal risks. To improve transparency, accountability, and long-term fiscal sustainability, the evaluation recommends defining "emergency" and the end of an emergency in statute, limiting the duration of emergency spending, clarifying funding sources, strengthening legislative oversight, improving procurement and reporting requirements, and transitioning long-term recovery costs to the regular legislative appropriations process.

Department of Finance and Administration (DFA) Secretary Wayne Propst emphasized the importance of the state's coordinated disaster response, highlighting the collaboration among the Legislature, executive agencies, local governments, and first responders in supporting communities affected by wildfires and flooding. Secretary Propst noted New Mexico's strong fiscal position has allowed the state to respond to disasters without deficit spending, while investments, such as the natural disaster revolving fund, have improved the state's ability to bridge delayed federal reimbursements. While acknowledging opportunities to strengthen transparency and accountability identified in the LFC evaluation, DFA reported most emergency appropriations have already been deployed for their intended purposes and encouraged continued investments in disaster preparedness, emergency management capacity, first responder resources, and long-term recovery infrastructure.

Fire and Flood Response Recovery *(3:39 PM, click here for meeting materials).* Lincoln County Manager Jason Burns, U.S. Department of Agriculture Natural Resources Conservation Services Kenneth Branch, Energy, Minerals and Natural Resources State Forester Laura McCarthy, and Otero County Rural Electric Co-op CEO Mario Romero highlighted the state's increasing reliance on executive orders and legislative appropriations to support disaster response and long-term recovery while emphasizing the need for stronger mitigation efforts and greater oversight. Presenters noted emergency response is coordinated through the Department of Homeland Security and Emergency Management and funded through recurring appropriations, nonrecurring appropriations, and emergency orders, with the Legislature providing significant supplemental funding following recent wildfire disasters. Staff also noted recent proposals to improve transparency and establish dedicated wildfire funding mechanisms were vetoed, leaving concerns regarding executive spending oversight unresolved. Otero County Electric Cooperative described ongoing investments in vegetation management, drone inspections, wildfire-resistant infrastructure, operational safety practices, and emergency preparedness to reduce wildfire risk but cautioned that rural electric cooperatives continue to face significant wildfire liability, underscoring the need for comprehensive policies that support both wildfire mitigation and long-term utility resilience.

Wednesday, June 17 *(click here for webcast)*
The following members and designees were present on Wednesday June 17, 2026: Chairman Nathan P. Small; Vice Chairman George K. Muñoz; Representatives Debra M. Sariñana, Jack Chatfield, Derrick J. Lente, Rebecca Dow, and Charlotte Little; and Senators Michael Padilla, Craig Brandt, Steve Lanier, Linda M. Trujillo, and Pete Campos. Guest legislators: Representatives Mark Duncan, Joy Garratt, Randall T. Pettigrew, Joseph Franklin Hernandez, and Brian G. Baca.

Miscellaneous Business *(8:17 AM)*.
Action Items. Senator Tujillo moved to adopt the LFC May 2026 meeting minutes, seconded by Representative Chatfield and Representative Dow. The motion carried.

Representative Lente moved to adopt the LFC contracts, seconded by Senator Campos. The motion carried.

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

Progress Report: Instructional Time and Extended Learning Opportunities in Public Schools *(1:09 PM, click here for meeting materials)*. LFC Program Evaluators Sarah Rovang and Stephanie Joyce presented findings that showed, despite the Legislature investing a cumulative $2.6 billion in extended learning time initiatives since FY18 in response to the *Martinez-Yazzie* ruling, student instructional time has increased only marginally, and academic outcomes remain well below proficiency targets. Schools have largely failed to translate additional funding into meaningful increases in instructional days or hours, while inconsistent data collection, chronic absenteeism, the growth of four-day school weeks, and uneven implementation of extended learning opportunities have limited the effectiveness of these investments. LFC recommends strengthening statutory requirements to ensure funding is tied to additional student instructional days, improving accountability and data collection, better targeting tutoring, summer learning, and out-of-school programs to students at risk of failing, and aligning extended learning investments with evidence-based practices to improve student achievement and close persistent achievement gaps.

Public Education Department (PED) Secretary Mariana Padilla emphasized that improving student outcomes requires both additional instructional time and high-quality, evidence-based strategies to ensure students receive meaningful learning opportunities. PED supports the LFC report's recommendations to strengthen accountability by clarifying that K-12 Plus funding should support student instructional days, reducing financial incentives for four-day school weeks, and expanding support for attendance, targeted interventions, tutoring, summer learning, and out-of-school programs. Secretary Padilla also highlighted efforts to improve school scheduling, reduce chronic absenteeism, provide additional training for school leaders, and strengthen instructional quality to ensure state investments translate into improved student achievement and better outcomes for at-risk students.

Role of Outdoor Workforce in Restoration, Response, and Recovery (3:31 *PM, click here for meeting materials*). Lincoln County Manager Jason Burns emphasized the importance of developing and retaining a locally trained workforce to support disaster recovery, watershed restoration, wildfire mitigation, infrastructure, and construction projects in Lincoln County. The county highlighted ongoing challenges in recruiting workers for physically demanding jobs, maintaining competitive wages, providing affordable housing, and securing consistent funding to sustain long-term employment. Mr. Burns stressed that continued legislative investment in workforce development, training partnerships with Eastern New Mexico University–Ruidoso, and stable funding for restoration initiatives are essential to strengthening the local economy, expanding the tax base, and improving community resilience to future disasters.

ENMU-Ruidoso President Ryan Trosper highlighted how the collee has partnered with local, tribal, state, and federal entities to support disaster recovery, workforce development, and long-term community resilience following recent wildfires and flooding. The college reported record enrollment growth and has served more than 2,000 students through credit, noncredit, and adult education programs while expanding workforce training in environmental stewardship, firefighter certification, workplace safety, and commercial driver's license programs aligned with local workforce needs. Looking ahead, ENMU–Ruidoso plans to develop heavy equipment operator and confined space training programs to support forest restoration, emergency response, and economic recovery, while continuing to serve as a regional hub for disaster response and community partnerships.

Todd Lopez with Rio Grande Return highlighted the role of Rio Grande Return in advancing watershed restoration through nature-based solutions that improve water resilience, reduce wildfire impacts, and support long-term ecosystem health. The organization has expanded from a small restoration crew to a statewide workforce supporting more than 40 projects, creating well-paying jobs while partnering with federal, state, tribal, and local entities to restore public lands and watersheds. Mr. Lopez emphasized that sustained, recurring state investments in restoration programs are critical to maintaining a skilled workforce, leveraging significant economic returns, and strengthening New Mexico's restoration economy and long-term water security.

Integrated Education Technology, Training and Demand for Skilled Trades *(4:10 PM, click here for meeting materials)*. ENMU Vice President of Student Learning and Success Coda Omness highlighted the success of ENMU–Ruidoso's Integrated Education and Training (IET)

Program in helping early childhood educators earn industry-recognized credentials while improving college completion rates for working adults. The fully online, cohort-based program combines workforce training, college coursework, and literacy instruction with extensive student supports, achieving a 65 percent completion rate and serving approximately 200 students from 48 communities across New Mexico. Ms. Omness emphasized strong partnerships with the Early Childhood Education and Care Department, employers, and adult education have expanded access to higher education, strengthened the early childhood workforce, and supported economic development, with plans to expand the model to Spanish-language instruction and healthcare workforce training.

Director of Adult Education Higher Education Department Amber Gallup highlighted the success of New Mexico's IET model in helping adult learners simultaneously build academic skills, earn industry-recognized credentials, and enter high-demand occupations. Since the Legislature began investing in IET, the state has expanded to nearly 80 programs serving more than 1,100 participants, increased credential attainment and employment outcomes, and improved New Mexico's national ranking for adult education measurable skill gains from 50th to 20th. Ms. Gallup emphasized that continued recurring investments are needed to sustain program growth, expand wraparound supports such as New Mexico Ascend, strengthen workforce development in high-demand industries, and ensure adult learners can access family-sustaining careers while meeting the state's workforce needs.

Workforce Solutions Department Secretary Sarita Nair highlighted strong and growing demand for skilled trades in New Mexico, where more than one in five jobs are in occupations requiring industry-recognized credentials, apprenticeships, or other postsecondary training. Employment is projected to increase through 2033, particularly for electricians, industrial machinery mechanics, wind turbine technicians, and solar installers, while employer surveys identify skilled trades positions as among the most difficult to fill. Secretary Nair emphasized the need to strengthen workforce pipelines through apprenticeships, pre-apprenticeships, career awareness initiatives, corrections partnerships, and targeted workforce programs that align training with employer demand, support economic development, and prepare workers for high-demand, middle-skill careers across the state.

Thursday, June 18 *(click here for webcast)*
The following members and designees were present on Thursday June 18, 2026: Chairman Nathan P. Small; Representatives Jack Chatfield, Joseph Sanchez, Rebecca Dow, and Charlotte Little; and Senators Michael Padilla, Steve Lanier, Linda M. Trujillo, and Pete Campos. Guest legislators: Representatives Mark Duncan, Tara Lujan, Randall T. Pettigrew, Joseph Franklin Hernandez, and Brian G. Baca.

Behavioral Health Investments Update *(8:07 AM, click here for meeting materials)*. LFC Fiscal Analyst Allegra Hernandez, Ph.D., and LFC Fiscal Analyst Harry Rommel, Ph.D., presented an overview of the state's behavioral health investments and implementation of the Behavioral Health Reform and Investment Act (BHRIA). The presentation highlighted that the Legislature has appropriated $843.5 million in nonrecurring behavioral health funding since 2022, in addition to increased recurring funding, to expand system capacity, improve access to services, and strengthen the behavioral health workforce. While most appropriations have been expended, several large appropriations remain unspent or were not used as intended, and behavioral health outcomes, including access to care and overdose deaths, remain mixed. The presentation also outlined implementation of BHRIA, including regional behavioral health planning, evaluation frameworks, and the behavioral health trust fund, which is intended to provide a sustainable funding source while strengthening accountability, performance measurement, and long-term oversight of behavioral health investments.

Sarah Jacobs, deputy director of the Administrative Office of the Courts (AOC), and Pamela Trujillo, AOC program manager, provided an update on implementation of the Behavioral Health Reform and Investment Act (BHRIA), highlighting progress during the first year of implementation. It was reported that all 13 behavioral health regions have completed Sequential Intercept Mapping (SIM) workshops, identified regional priorities, and are developing regional plans, with most expected to be submitted by August 2026 following limited deadline extensions. AOC also outlined its role in coordinating regional planning, administering $1.7 million for planning and technical assistance and $2.3 million in GROW funding tied to approved regional plans. Presenters noted ongoing implementation challenges, including the lack of a formal regional governance structure, limited capacity in rural regions, and local procurement requirements that may delay deployment of behavioral health funding.

Behavioral Health Service Department Director Nick Boukas provided an update on implementation of the Behavioral Health Reform and Investment Act. Mr. Boukas highlighted progress made during the first year of implementation, including development of statewide behavioral health standards, integration efforts between the 988-crisis line and 911, implementation of a single-source Medicaid credentialing system to reduce administrative burdens for providers, and expansion of technical assistance for regional planning through Project ECHO. HCA has filled most of its new regional staff positions, distributed $24.5 million in early access funding to all 13 behavioral health regions, and is reviewing regional plans for approval in coordination with the Administrative Office of the Courts, LFC, and partner agencies. Looking ahead, HCA will continue implementing regional plans, complete a statewide behavioral health gap analysis, develop a closed-loop referral system, strengthen tribal engagement, and prioritize timely distribution of behavioral health funding while minimizing reversions.

LFC FY26 Q3 Report Cards *(9:30 AM, click here for meeting materials)*. LFC Communications Analyst Helen Gaussoin presented the FY26 third-quarter agency report cards, noting that overall agency performance remained relatively stable from the second quarter, with only eight agencies rated red but more than half remaining in the yellow category, indicating continued risk of missing annual performance targets. Ms. Gaussoin highlighted ongoing challenges in public education, higher education retention, child welfare, behavioral health access, developmental disability services, workforce participation, criminal justice case processing, and information technology project management, while recognizing improvements in early childhood enrollment, child welfare staffing, Medicaid access, aging services, and performance at several agencies, including the Energy, Minerals and Natural Resources Department. Ms. Gaussoin also identified persistent concerns related to environmental agency vacancies, deteriorating road conditions, underfunded liability reserves, and significant delays in major state information technology modernization projects.

With no further business, the meeting adjourned at 10:05 a.m.

Nathan P. Small, Chairman	George K. Muñoz, Vice Chairman