



**Monday, November 17 ([click here for webcast](#))**

The following members and designees were present on Monday November 17, 2025: Chairman Nathan P. Small; Vice Chairman George Muñoz; Representatives Meredith A. Dixon, Jack Chatfield, Derrick J. Lente, Joseph Sanchez, Harlan Vincent, Rebecca Dow, and Susan Herrera; and Senators Benny Shendo, Roberto “Bobby” J. Gonzales, Pat Woods, Linda Trujillo, Steve D. Lanier, and Pete Campos. Guest legislators: Representatives Mark Duncan, Tara L. Lujan, Charlotte Little, Pamelya Herndon, Joy Garratt, Brian Baca, Sarah Silva, and Joseph Franklin Hernandez. Senators Micheal Padilla and Craig W. Brandt

**Policy Spotlight: Stacking Income Reports (8:47 AM, [click here for meeting materials](#))** LFC Program Evaluators Sarah Dinges, Ph.D., and Alma Kassim presented to the *Policy Spotlight: Stacking Income Reports* to the committee. The report stated that New Mexico continues to have one of the nation's highest poverty rates despite offering one of the most generous benefits packages, largely due to low workforce participation, and benefit cliffs. Additionally, the report found administrative barriers limit income growth and program effectiveness. While families who enroll in all available income supports can often reach a living-wage equivalent, rising costs, reduced benefit levels, and childcare slot capacity shortages particularly strain single parents, and many eligible residents still do not access programs. Federal changes in H.R.1 will change SNAP and Medicaid benefits, add work requirements, and shift significant administrative and program costs to states, posing major risks for New Mexico, which currently has one of the highest SNAP error rates and could eventually be required to pay up to 15 percent of program costs. The report also states that refundable tax credits reduce poverty without reducing work participation, but many families do not claim them, and monthly payment options could improve financial stability. Despite large state investments in food programs, including universal school meals, SNAP supplements, and food bank support, outcomes are not being monitored, and food insecurity remains high. The state must strengthen program administration, improve uptake among low-income families, focus on workforce connections, especially short-term credentials, and better track the impact of its substantial food and income support efforts.

Health Care Authority (HCA) Secretary Kari Armijo thanked the LFC for its review and noted that additional discussion on payment error rates will occur during the agency's budget presentation. Ms. Armijo emphasized that while HCA administers major anti-poverty programs like Medicaid, SNAP, TANF, and energy assistance, these alone cannot solve poverty because the issue is complex and tied to intergenerational disparities, income inequality, child welfare, education, and community conditions. Ms. Armijo highlighted that income stagnation for low-wage workers over the past 40 years has contributed to persistent poverty, noting that even someone working 39 hours per week at minimum wage still qualifies for assistance. Child poverty has fallen dramatically nationwide, and in New Mexico, due to expanded safety net programs, with safety net benefits now reducing child poverty by 44 percent compared to 9 percent in 1993. New Mexico's official poverty rate has declined faster than most states, and its supplemental poverty rate remains below the national average, though both measures reflect the loss of pandemic-era supports. SNAP, refundable tax credits, and child support are among the strongest contributors to lowering poverty, though Medicaid is not included in the supplemental measure despite its significant impact on financial security. Ms. Armijo also noted HCA's efforts to reduce benefit

cliffs and expand pathways to work, including a 2025 bill to modernize eligibility and support work readiness, legislation HCA hopes will be revisited.

**Health Care Authority (10:29 AM, [click here for meeting materials](#))** Health Care Authority (HCA) Secretary Kari Armijo presented the FY27 budget request focused on the Program Support, Child Support Services, and the Income Support (ISD), noting that Medicaid, developmental disabilities (DD), and behavioral health budgets will be presented separately. Ms. Armijo reports strong staffing progress, vacancies have fallen, employee satisfaction is at its highest, and timeliness for SNAP and Medicaid processing is 99 percent and 97 percent thanks to legislative investments, office upgrades, and HR reforms that sped up hiring. Key accomplishments include making child support easier to pay by eliminating fees, covering card fees, and partnering with the Workforce Solutions Department to help parents with economic participation, as well as managing a \$15 billion budget with clean audits and no deficiency requests, and rapidly issuing \$30 million in emergency food benefits during the 2025 federal shutdown. The FY27 request totaled about \$15 billion, with \$2.2 billion in general fund, and major cost drivers are implementation of the federal reconciliation bill H.R.1, backfilling lost federal SNAP administrative funding and the federal revenue matching rate changes to a 75 percent state share, rate increases for developmental disabilities, and replacing opioid settlement dollars, plus significant IT and MIS maintenance needs and support for the Yes New Mexico app. For child support and program support, the department requested increases mainly cover employer benefit costs and increased attorney salaries, SNAP admin funds, and IT operations. For ISD, the agency requested substantial general fund growth to replace federal administration dollars, prepare for more frequent Medicaid redetermination requirements, new SNAP and Medicaid work requirements, upgraded eligibility systems, the roll-out EBT chip cards, SNAP supplemental costs, and add roughly 260 caseworkers and related infrastructure to handle a heavier workload, even as caseloads decline. Ms. Armijo emphasizes that SNAP payment error rates reflect technical eligibility-calculation issues, not fraud, and that New Mexico must carefully time error-rate reductions to avoid triggering earlier cost-sharing while still driving the rate below the federal threshold by FY28. The department plans to do this through better training, an “accuracy culture,” improved IT, and updated analytic tools.

**Interim Health and Human Services Committee Report (11:44 AM, [click here for meeting materials](#))** Representative Elizabeth “Liz” Thomson, Chair, and Senator Linda M. Lopez, Vice-Chair, presented the Health and Human Services (LHHS) Interim Committee priorities to the LFC, outlining a wide-ranging set of requests aimed at strengthening New Mexico’s healthcare system, workforce, and data capacity. Chair Thomson described proposals including \$4 million in state funds, plus \$12 million Medicaid match, to enroll all providers in a unified health information database to reduce duplicated tests and improve care coordination, \$2 million to expand statewide healthcare provider recruitment, and \$43 million to support county, tribal, and local health councils that serve as New Mexico’s de facto local public health infrastructure. Chair Thomson also requested funding to study healthcare cost drivers, expand loan-repayment programs, fill gaps created by federal Medicaid cuts, stabilize developmental disabilities waiver and aging-services provider rates, invest in school-based health centers, improve access to an all-payer claims database, address alcohol-related harms, and strengthen oversight of private equity in healthcare. Chair Thomson emphasized the need for year-round LHHS staffing and more robust data to guide decisions, especially in behavioral health, aging, and corrections-based substance use treatment. Vice Chair Lopez added support for reestablishing the Federal Funding Stabilization

Subcommittee, and coordinated statewide behavioral health efforts.

**Federal Funds Update** ([click here for meeting materials](#)) LFC Director Charles Sallee briefed the committee on federal budget dynamics, noting that the U.S. continues to run a \$1.9 trillion annual deficit, making major spending cuts politically difficult since the largest federal programs, Medicare, Medicaid, Social Security, and SNAP, are mandatory and not easily reduced. Mr. Sallee explained that the recent government shutdown revealed the vulnerability of SNAP, which is classified as an “appropriated mandatory” program and was nearly halted when USDA determined it lacked funds due to delays in passing the Farm Bill, the continuing resolution and passage of a few appropriations bills have temporarily stabilized SNAP funding, but many federal agencies remain unfunded. Mr. Sallee also highlighted the risks of the federal PAYGO rule, which could have triggered across-the-board cuts, including wiping out New Mexico’s \$2.8 billion in federal mineral leasing payments, had Congress not suspended it in the resolution. Mr. Sallee also pointed out the declining SNAP caseloads, noting that while workloads may shift under new federal rules, overall caseload reductions will influence staffing and task management in the Income Support Division, especially given the Legislature’s substantial recent investments.

**Results For America: State Standard of Excellence** ([12:47 PM, click here for meeting materials](#)) State Practice Director at Results for America (RFA), Sarah Needler thanked Chairman Small, Director Sallee, and the LFC for inviting RFA to celebrate New Mexico’s Silver Certification under the 2025 *Invest in What Works State Standard of Excellence*. Ms. Needler explained that the session would introduce RFA’s mission and outline how the organization can further support New Mexico in strengthening evidence-based policymaking to improve resident outcomes.

David Medina, RFA’s co-founder and chief operating officer, described the bipartisan nonprofit’s work helping governments use data and evidence in budgeting, grantmaking, and service delivery. Mr. Medina highlighted RFA’s strong New Mexico ties and praised the state as a national leader for defining evidence of effectiveness, embedding evidence requirements into budget documents, and publishing post-session reviews, steps only a handful of states have taken. Mr. Medina noted that RFA stands ready to help New Mexico reach the next frontier, adopting public, evidence-based spending goals, a practice currently implemented only in Oregon and Tennessee. The presentation was concluded by awarding the LFC its Silver Certification.

**Workforce Solutions Department** ([12:58 PM, click here for meeting materials](#)) Workforce Solutions Secretary Sarita Nair presented the agency’s FY27 budget request. Ms. Nair explained adjustments made since the initial submission, including reducing or removing several requests due to funding received during the special session and clarifying that placeholder amounts for housing and homelessness are not part of her department’s core ask. Ms. Nair detailed the impact of \$8.6 million in federal cuts to unemployment insurance, especially to anti-fraud efforts, call centers, and claims processing, resulting in high unfunded vacancy rates and prompting a request for both non-recurring funds to restore service levels and recurring funds to stabilize the Workforce Technology Program. Ms. Nair also requested funding to rejoin the federal Treasury Offset Program after regulatory changes, noting the state has lost an estimated \$51 million since leaving the program. Additional non-recurring requests address the Workforce Innovation and Opportunity Act cuts affecting local workforce boards, potential elimination of AmeriCorps

funding, and expanded staffing to meet upcoming Medicaid and SNAP work-requirement mandates, which could involve up to 90,000 recipients. Ms. Nair sought another year of non-recurring support for STEM pre-apprenticeships and intensive case management for out-of-school youth, highlighted current deployment of one-time housing and homelessness funds, and requested continued \$2 million operating support for the Office of Housing while a broader Housing & Homelessness Fund is developed. Ms. Nair noted that detailed unemployment and federal layoff data were available in the appendix.

**Aging and Long-Term Services Department (1:53 PM, [click here for meeting materials](#))** Aging and Long-Term Services Department (ALTSD) Secretary Emily Kaltenbach presented the agency's FY27 budget request, emphasizing the rapid growth, poverty, and vulnerability of New Mexico's older adult population. Ms. Kaltenbach highlighted progress made in her first year, including operationalizing the Long-Term Care Program, expanding senior services to reach 22 percent of eligible adults, increasing tribal investments, strengthening caregiving programs, growing volunteer and ombudsman capacity, and expanding the New MexiCare caregiver program to over 300 enrollees. Ms. Kaltenbach requested \$8.2 million in recurring funds to fill Adult Protective Services Program vacancies, expand senior employment slots, and bolster core safety-net services such as meals, transportation, and caregiving support, along with operational cost increases. Ms. Kaltenbach also sought special appropriations for the statewide Conference on Aging, outreach and communication, and emergency preparedness. Additional requests included an increase for the Kiki Saavedra Senior Dignity Fund with \$10 million for food access, transportation, health, and caregiving services. She closed by noting that ALTSD's new 2025–2029 State Plan on Aging has been federally approved, outlining goals to keep seniors safely at home, support caregivers, reduce abuse and exploitation, improve access to resources, and strengthen partnerships with tribes, pueblos, and nations.

**Public Regulation Commission (3:00 PM, [click here for meeting materials](#))** Public Regulation Commission (PRC) Chief of Staff Cholla Khoury presented the agency's progress and FY27 budget priorities on behalf of the commissioners, highlighting major strides in staffing, modernization, and efficiency. Ms. Khoury emphasized that the PRC has reduced its vacancy rate to 8 percent, increased overall case-processing efficiency by 40 percent, and is actively professionalizing its workforce through national-level training and development. Ms. Khoury detailed the ongoing modernization of the PRC's outdated e-docket system, funded through \$2.5 million in prior appropriations and set to launch in January 2026, which will improve transparency and streamline filings. Ms. Khoury also described proactive regulatory work underway, including rulemakings on energy efficiency, distribution planning, grid modernization, wildfires, and economic-development readiness, as well as progress on community solar, with the first project fully subscribed and majority serving low-income customers. For FY27, the PRC requests base-budget increase focused on staff compensation, IT licensing for the new system, and healthcare-premium adjustments, along with GROW funding to in-house administration of the community solar program and \$5 million in capital outlay to secure a permanent office after their prior building became uninhabitable.

**Department of Information Technology (3:37 PM, [click here for meeting materials](#))** LFC analyst Emily Hilla briefed the committee on FY27 Section 7 IT appropriation requests, explaining that general funds flow into the Computer System Enhancement Fund and are then distributed to

agencies as interagency transfers for technology projects. Ms. Hilla reported that 18 agencies requested \$213.6 million for IT needs, \$116.1 million from the general fund, with 32 total requests, including 11 continuing projects and 21 new ones. The Health Care Authority submitted the largest requests, seeking \$107.2 million for two major systems, including Project Unite and continued child-support system modernization, though LFC staff estimate it still holds prior-year balances. The Secretary of State submitted the most individual requests, while significant continuation requests came from Collaborative for Higher Education Shared Services (\$24.6 million), Children, Youth and Families Department's Comprehensive Child Welfare Information System (\$6 million), and the Department of Public Safety's intelligence-led policing project (\$5.2 million). New project highlights include the Environment Department's \$8.5 million AI-driven data system, the Corrections Department's \$5 million learning platform, and Taxation & Revenue's \$4 million compliance system. Ms. Hilla noted the Workforce Solutions request for the Treasury Offset Program and directed members to detailed line-item breakdowns in their packets before turning the floor over to the Secretary.

Department of Information Technology (DoIT) Secretary Manny Barreras presented the agency's FY27 budget outlining strategic funding needs across IT operations, broadband expansion, and statewide cybersecurity. Mr. Barreras emphasized DoIT's central role in shaping New Mexico's technology infrastructure, overseeing enterprise services, cybersecurity compliance, and major statewide modernization projects. The budget request reflects increased service utilization by state agencies, staffing shortages driven by hiring challenges, and the need to address long-standing IT vacancies. Mr. Barreras highlighted funding needs for DoIT operations, excluding Broadband and Cybersecurity, for the Office of Broadband Access and Expansion to support statewide connectivity and digital equity, and for the Office of Cybersecurity to respond to escalating cyber threats. Mr. Barreras also detailed a series of non-recurring proposals, including extensions for ongoing project oversight and broadband buildout, investments in emerging IT solutions, data-center infrastructure upgrades, statewide digital radio subsidies for first responders, digital-records accessibility initiatives, and a major \$21 million cybersecurity package. Throughout, Mr. Barreras stressed the urgency of modernizing aging systems, securing state assets, and building statewide IT capacity to serve agencies and the public.

#### **Tuesday, November 18 ([click here for webcast](#))**

The following members and designees were present on Tuesday November 18, 2025: Chairman Nathan P. Small; Vice Chairman George Muñoz; Representatives Meredith A. Dixon, Jack Chatfield, Derrick J. Lente, Joseph Sanchez, Harlan Vincent, Rebecca Dow, and Susan Herrera; and Senators Benny Shendo, Roberto "Bobby" J. Gonzales, Pat Woods, Linda Trujillo, Steve D. Lanier, and Pete Campos. Guest legislators: Representatives Mark Duncan, Tara L. Lujan, Pamelya Herndon, Joy Garratt, Brian Baca, Sarah Silva, Art de La Cruz, Elaine Chavez and Joseph Franklin Hernandez. Senator Craig W. Brandt

**New Mexico Courts (8:37 AM, [click here for meeting materials](#))** Chief Justice of the Supreme Court David Thomson and Administrative Office of the Courts (AOC) Director Karl Reifsteck presented an FY27 judicial budget centered on access to justice, language access, technology modernization, security, and staffing needs. A major portion of the request is \$554 thousand to expand interpreter services required by the state constitution, adding contract interpreter hours, hiring schedulers so staff interpreters can return to courtrooms, translating self-help forms into multiple languages, and offering continuing education to retain interpreters who are now able to

work remotely for other states. AOC also requested an IPRA-support attorney, human resource staff, jury-services administrative help, support for the Judicial Performance Evaluation Commission, and recurring funds for added Albuquerque office space used by behavioral-health staff. The judiciary's technology program reported its fund balance will run out by FY27 and requested shifting core IT costs, court internet, case-management and e-filing systems, rising software licenses, and needed staff including four data analysts to recurring general funds, along with one-time requests for cybersecurity upgrades, SQL Server modernization, and statewide IPRA-response software. One-time capital needs include continuation of courtroom modernization, replacing failing analog audio systems with digital recording and AI-assisted unofficial transcripts, statewide courthouse security equipment, expansion of behavioral-health pilot programs, and funds to cover a judiciary-wide health-insurance shortfall. The Supreme Court budget request added appellate attorneys, paralegals, technical editors, a financial program manager, and a night-watch supervisor, while also seeking maintenance and capital improvements for its aging 1936 building .

**Administrative Office of the Courts** - The Administrative Office of the Courts (AOC) requested funding for additional contract-interpreter hours \$363 thousand, two interpreter-scheduling administrative staff, \$187.2 thousand, translation services, \$50 thousand, interpreter continuing-education support, \$141.9 thousand, a Judicial Performance Evaluation admin staffer, \$75 thousand plus admin salary, an HR professional, \$120 thousand, an attorney to handle complex IPRA requests, jury-services administrative support, recurring rent for expanded Albuquerque office space, major increases to the statewide Judicial Information Division to cover internet, licensing, and staff costs, four data-analyst positions, \$632 thousand, a security and emergency-operations administrator, \$190 thousand, plus special appropriations for courtroom modernization, \$24 million over 4 years, statewide security equipment, \$18.4 million over 6 years, cybersecurity tools, \$900 thousand, SQL server upgrades, \$165.5 thousand, a public data dashboard, \$100 thousand, an IPRA-search software system, expanded behavioral-health services, \$265 thousand after the \$1 million already received, and \$950 thousand to cover statewide health-insurance supplemental costs.

**Supreme Court** – The Supreme Court requested \$1.4 million increase over FY26.

**Court of Appeals** – The Court of Appeals requested funding for two judicial specialists, a business specialist, and two appellate legal editors, plus \$371 thousand for increased health-insurance, and operational rate increases. The courts also requested \$230 thousand in recurring revenues to make a mediation program permanent, \$120 thousand for building maintenance, \$14 thousand for Adobe licensing, \$65 thousand for IT upgrades, \$114 thousand for IT hardware refresh, and \$50 thousand for a state vehicle.

**District Courts (231-243)** - FY27 court budget requests were presented by district:

- The First Judicial District requests \$15,77.4 thousand from the general fund, a \$1,115.7 thousand increase over FY26 or 7.6 percent.
- The Second Judicial District requests a \$3,835.9 thousand increase from the general fund.
- The Third Judicial District requests \$16,375.1 thousand from the general fund, a \$1,259.1 thousand increase over FY26 or 8.3 percent.
- The Fourth Judicial District requests \$68 thousand for an administrative assistant and

another \$224.9 thousand for GSD Rate Increases, health insurance, and WIP

- The Fifth Judicial District requests \$150.2 thousand for two court services specialists
- The Sixth Judicial District requests \$8,623.6 thousand from the general fund, a \$399.9 thousand increase over FY26 or 4.9 percent.
- The Seventh Judicial District requests \$5,868.2 thousand from the general fund, a \$314.8 thousand increase over FY26 or percent.
- The Eighth Judicial District requests \$7,628.6 thousand from the general fund, an increase of \$455.3 thousand over FY26 or 6.3 percent.
- The Ninth Judicial District requests \$8,404.5 thousand from the general fund, an increase of \$597 thousand over FY26 or 7.6 percent.
- The Tenth Judicial District requests \$99.6 thousand for GSD, Insurance, and WIP
- The Eleventh Judicial District requests a \$1,151.6 thousand increase from the general fund, a 7.6 percent increase.
- The Twelfth Judicial District requests \$8,272.3 thousand from the general fund, an increase of \$450.3 thousand over FY26 or 5.8 percent.
- The Thirteenth Judicial District requests \$16,619.2 thousand from the general fund, an increase of \$660.6 thousand over FY26 or 4.1 percent.
- The Bernalillo County Metropolitan Court is requesting funding for two judicial specialist positions, \$72.4 thousand each, two IPRA paralegals, \$181 thousand, \$1.3 million for mandatory increases like GSD and health insurance, \$151.7 thousand for utility and maintenance cost increases, and a \$116.2 thousand special appropriation for IT equipment upgrades.

**Update New Mexico Association of Counties and New Mexico Municipal League (10:50 AM, click here for meeting materials)** New Mexico Municipal League AJ Forte and New Mexico Municipal League Deputy Director Alison Nichols presented the importance of partnerships between state and local governments on funding and delivering community services, especially water infrastructure. It was emphasized that municipal water and wastewater systems, many of which are failing EPA permit standards, face enormous needs, with over \$522 million in shovel-ready Water Trust Board applications but only \$318 million available, leaving a \$204 million shortfall. Both urged streamlining the legislative authorization process so approved projects can move forward faster, noting that delays hold up critical repairs, construction, and jobs. The Municipal League also raised concerns about stagnant and eroding municipal revenues, especially heavy reliance on GRT, limited local taxing authority, and large losses from state-level tax deductions, which hinder cities' ability to fund public safety, infrastructure, and economic development. It was stressed that thriving communities require strong local revenue bases, effective state-local partnerships, and thoughtful tax policy to ensure essential services, modern infrastructure, and stable economic growth statewide.

New Mexico Counties Executive Director Joy Esparsen and Government Relations Specialist Katherine Carroll briefed the committee on county finances and priorities, emphasizing counties' heavy dependence on both gross receipts and property taxes, which are generally stable but highly vulnerable to policy changes and federal cuts. It was highlighted that recent and pending losses in federal support, including an \$8.9 million hit from the lapse of Secure Rural Schools funding that also affects PILT, forcing counties and schools to dip into cash reserves for core services. It was asked that LFC's new local government dashboard carefully distinguish cash from assets and

restricted from unrestricted fund balances so county capacity isn't overstated, and outlined key budget priorities, fully funding the detention reimbursement fund which is currently underpaying counties by about \$9–\$10 million per year, restoring courthouse funding as a matching program, continued support for 700 MHz radios, detention and firefighter and emergency medical services recruitment funds, and RISE behavioral health services in jails. They also raised broader policy concerns about the growing volume and weaponization of IPRA requests, and warned that the expanded veterans' disability property tax exemption, whose fiscal impact is still unknown, could force losses onto other taxpayers and special districts once counties hit mill rate caps, urging close monitoring through ongoing property tax studies and future legislative support once the true impact is clear.

**Policy Spotlight: Juvenile Justice (1:15 PMM, click here for meeting materials)** LFC Program Evaluator Clayton Lobaugh and LFC Program Evaluator Guillermo Caraveo presented a policy spotlight report showing that although New Mexico reformed its juvenile justice system in the 2000s to divert low-risk youth and make confinement more rehabilitative, the state never built sufficient prevention, treatment, or behavioral-health services to support those diverted youth, contributing to rising re-referrals and gaps in care. Most referrals are for low-level misdemeanors, and over half are youth who have been referred before, while evidence-based interventions like multisystemic therapy and treatment courts have declined statewide. The report also found that Children, Youth and Families Department (CYFD) sometimes overrides its validated risk assessment tool, detaining low-risk youth and straining county detention capacity, and that both county detention centers and CYFD secure facilities face staffing shortages rather than space shortages, despite CYFD underspending about \$1.9 million in its juvenile justice budget. Key recommendations include adhering to validated risk assessments, rebuilding a statewide system of evidence-based youth services, targeting prevention funds to high-need areas, improving local grant capacity, and ensuring juvenile justice funds are used as intended.

Children, Youth and Families Department Acting Secretary Valerie Sandoval outlined the current state of New Mexico's juvenile justice system, noting more than 2,300 active probation cases, staffing levels across 29 offices, and rising populations in the state's two secure facilities, which must accept all court-ordered youth. Ms. Sandoval highlighted the rehabilitative Cambier model, on-site medical and behavioral health services, education programs boasting a 72 percent graduation rate, and multiple community-based prevention and intervention programs such as youth mentoring, JJAC, JCC, and newly expanded sites. Ms. Sandoval reviewed the program's budget, emphasized the importance of transparency, including ongoing cooperation with an external audit of \$20 million in questioned spending, and addressed LFC recommendations, clarifying that CYFD only overrides risk assessments when county detention centers lack beds or law enforcement cannot transport youth. She closed by reaffirming commitment to collaboration with LFC and lawmakers to strengthen services and improve outcomes for justice-involved youth.

**Wednesday, November 19, 2025 (click here for webcast)**

The following members and designees were present on Wednesday November 19, 2025: Chairman Nathan P. Small; Vice Chairman George Muñoz; Representatives Meredith A. Dixon, Jack Chatfield, Derrick J. Lente, Joseph Sanchez, Harlan Vincent, Rebecca Dow, and Susan Herrera; and Senators Benny Shendo, Roberto "Bobby" J. Gonzales, Pat Woods, Linda Trujillo, Steve D. Lanier, and Pete Campos. Guest legislators: Representatives Mark Duncan, Tara L. Lujan, Sarah Silva, and Joseph Franklin Hernandez. Senator Craig W. Brandt

**Department of Finance and Administration and Special DFA Appropriations (8:37 AM, click here for meeting materials)** Department of Finance and Administration (DFA) Secretary Wayne Propst highlighted major accomplishments, including doubling general fund assets since FY19, launching the Infrastructure Planning & Development Program, modernizing statewide financial systems, completing the first SOC-2 audit of SHARE, migrating SHARE to the cloud, achieving full NextGen 911 coverage, and helping fund over 1,600 new public-safety personnel, and presented its FY27 general fund request of \$40.4 million, a 3.3 percent increase driven entirely by mandated cost adjustments such as healthcare premiums, longevity pay, audit fees, and statewide rate increases. Membership and dues requests remain flat, while other-revenue programs shift due to fund balances and federal changes. DFA's FY27 nonrecurring request totals over \$112 million, including \$75 million for the statewide Match Fund, \$30 million for emergency capital, \$5 million for the Mora County Courthouse, and smaller amounts for technical assistance, data platforms, and infrastructure conferences. The agency also reported progress on capital projects such as the \$10 million Bataan Building restoration and current staffing levels showing a 5.7 percent vacancy rate.

**Corrections Department (1:32 PM, click here for meeting materials)** Corrections Department Secretary Alisha Tafoya-Lucero presented their FY27 request of \$368 million, a 4.1 percent increase over FY26, largely driven by mandated healthcare affordability changes, higher DoIT and operational rate increases, and rising costs for medical care, food service, leases, and private facility per-diems. The only true program expansion in the request is about \$3 million for reentry services, aimed at making recently added contracts for transitional housing, behavioral health treatment, and other supports permanently recurring. The department also proposes shifting 23 positions and \$2.58 million from Inmate Management (IMAC) to Community Offender Management (COM) to better align staffing with duties, particularly for the Security Threat Intelligence and fugitive apprehension work conducted in communities. Ms. Tafoya-Lucero emphasized that the agency operates eight public facilities plus contract beds, supervises about 14,000 people in the community, and is investing heavily in vocational training, educational programming, and reentry supports to reduce recidivism. During the hearing, legislators questioned the cost increase, and the Secretary clarified that most of it reflects statewide rate hikes rather than program growth.

**Public Defender Department (1:35 PM, click here for meeting materials)** Chief Public Defender Bennett Baur and Public Defender Commission Chair Gina Maestas explained that the Law Office of the Public Defender requested a little over a 10 percent budget increase to address a growing statewide workload and severe resource gaps identified in a legislatively funded workload study showing that New Mexico needs nearly three times more attorney hours to provide constitutionally adequate defense. It was emphasized that felony caseloads have been rising steadily since COVID and that the agency must raise pay for both staff attorneys and contract counsel, who provide all indigent defense in many rural counties, to remain competitive with district attorneys, courts, and the private bar, attract qualified lawyers to underserved communities, and ensure clients receive effective assistance. Mr. Baur stated that investing in the public defender system improves long-term community outcomes by allowing defenders and social workers to connect clients with behavioral-health and substance-use services, reduce recidivism, and stabilize individuals who will ultimately return to their communities.

**District Attorneys/Administrative Office of the District Attorneys (2:22 PM, click here for meeting materials)** Director of the Administrative Office of the District Attorneys (AODA) Rick Tedrow explained the agency's large budget request was driven by an urgent need to modernize and secure the statewide IT system that supports all 14 district attorneys, Department of Public Safety, the Office of the Attorney General, and law enforcement partners. Mr. Tedrow stressed that nearly all hardware, software, servers, and case-management infrastructure are at end-of-life, making the system increasingly vulnerable, especially for sensitive data such as juvenile cases and expunged records. Mr. Tedrow noted that AODA's IT staff of eight is far too small to maintain statewide operations, prompting requests for additional cybersecurity and network positions, updated licensing costs, vulnerability testing, and other critical upgrades. Mr. Tedrow thanked LFC staff and DoIT for collaborating on assessments and guidance, while emphasizing that DoIT cannot directly service AODA because it is not an executive-branch agency. He concluded by reiterating that a full rebuild is necessary to keep New Mexico's prosecutorial data systems functional and secure.

**District Attorneys (251-265)** – FY 27 district attorneys were presented by district:

- The First District Attorney is requesting 10 new positions in FY27 to manage the upcoming Supreme Court case-management order which takes effect January 1, 2026.
- The Second District Attorney is requesting a 12.4 percent FY27 budget increase to sustain key diversion and gun-violence programs, cover high-profile case costs, and fill critical vacant positions needed to maintain public-safety performance.
- The Third District Attorney is requesting a 12.9 percent increase in FY27 for additional positions, IT services, and other expenses.
- The Fourth District Attorney is requesting a 9.1 percent increase in FY27 for salaries.
- The Fifth District Attorney is requesting an increase in FY27 primarily to raise prosecutor salaries amid severe recruitment and retention challenges.
- The Sixth District Attorney is requesting additional funding, including a one-time supplemental amount, to raise attorney salaries, cover deficits in their HIDTA and VAWA grant-supported positions, and continue rebuilding the 6th District Attorney's Office
- The Seventh District Attorney is requesting a 3.84 percent increase in FY27 for salaries, insurance, benefits, and retention.
- The Eighth District Attorney is requesting a 4.4 percent budget increase in FY27 for a senior trial attorney position and fleet maintenance and vehicle maintenance.
- The Ninth District Attorney is requesting a 10 percent increase in FY27 for insurance differentials, IT equipment, and recruitment.
- The Tenth District Attorney is requesting a \$215 thousand increase, or less than 10 percent, in FY27 for vacancies and retention.
- The Eleventh District Attorney is requesting just under \$2 million increase in FY27, plus a small supplemental amount.
- The Twelfth District Attorney is requesting a 20 percent increase as well as \$70,800 for fleet vehicles.
- The Thirteenth District Attorney is requesting an 8.5 percent increase in FY27 to cover current salaries and for two additional full-time positions.

**Thursday November 20, 2025 (click here for webcast)**

The following members and designees were present on Thursday November 20, 2025: Chairman Nathan P. Small; Vice Chairman George Muñoz; Representatives Meredith A. Dixon, Jack Chatfield, Derrick J. Lente, Joseph Sanchez, Harlan Vincent, Rebecca Dow, and Susan Herrera; and Senators Benny Shendo, Roberto “Bobby” J. Gonzales, Pat Woods, Linda Trujillo, Steve D. Lanier, and Pete Campos. Guest legislators: Representatives Mark Duncan, Tara L. Lujan, Sarah Silva, and Joseph Franklin Hernandez. Senator Craig W. Brandt

**Department of Cultural Affairs (8:36 AM, [click here for meeting materials](#))** Department of Cultural Affairs (DCA) Secretary Debra Garcia y Griego presented an overview of the department's mission to preserve and promote the state's cultural heritage, highlighting goals around access, inclusion, stewardship, and partnerships across museums, cultural centers, historic sites, archives, libraries, and archaeological programs. Ms. Garcia y Griego noted the major recent accomplishments, including opening the full Taylor-Mesilla Historic Site, launching large-scale infrastructure renovations at the NM Museum of Natural History and Science, advancing Native American Graves Protection and Repatriation Act (NAGPRA) compliance efforts, expanding restoration funding statewide, and celebrating key milestones such as the National Hispanic Cultural Center's 25th anniversary. Operationally, DCA served 1.33 million visitors and 430 thousand children in FY25, managed a 14.8 percent vacancy rate, secured significant federal grants, and maintained strong fiscal performance. For FY27, DCA requests a 4.1 percent increase in its general fund operating budget, primarily to replace non-recurring health-benefit funding, address statewide service rate increases, and support preservation and rural library grants, while total agency funding decreases slightly due to reduced earned revenue and program adjustments. The department also outlines several non-recurring needs, including funding for Ft. Stanton master planning, United Nations Educational, Scientific and Cultural Organization nomination work, Rural Arts initiatives, fossil acquisitions, National Hispanic Cultural Center anniversary programming, expanded NAGPRA compliance, and growth of its archaeological field school.

**Office of Superintendent of Insurance (8:37 AM, [click here for meeting materials](#))** Superintendent of Insurance Alice Kane presented the Office of Superintendent of Insurance's (OSI) FY27 budget request, emphasizing the agency's mission to safeguard New Mexicans by enforcing strong regulatory standards and ensuring fair, reliable access to insurance. Ms. Kane highlighted major improvements in recruitment and retention made possible by FY25 salary appropriations, which helped reduce the agency's vacancy rate from 32 percent to 10.9 percent and supported the hiring of multiple high-level professional staff. Ms. Kane noted that OSI successfully maintained its national accreditation by strengthening financial analysis, training, and examination functions. Ms. Kane also detailed OSI's extensive response to the Salt and South Fork wildfires, including months of onsite assistance, a dedicated hotline and webpage, support for more than 400 consumers, and roughly \$4 million in recovered restitution. Ms. Kane described the agency's response to a major cyber incident, where OSI used special appropriations to hire experts, replace compromised systems, and permanently improve cybersecurity capacity. Program updates included increased auto-theft and fraud investigations, new pharmacy benefit and drug-compliance oversight, expanded mental-health parity enforcement, and substantial licensing and rate-review work. The FY27 request totals \$150.5 million with no general fund impact and includes funding for insurance operations, fraud and title programs, several new FTEs, recurring cybersecurity support, and a large adjustment to accurately reflect Patient Compensation Fund settlement costs. Ms. Kane also highlighted a \$10 million wildfire-mitigation special appropriation, now launching

a pilot program in Otero County, as well as ongoing litigation needs.

**General Services Department** ([11:14 AM, click here for meeting materials](#)) General Services Department Acting Secretary Anna Silva presented the agency's FY27 budget request providing an overview of GSD's five divisions, State Printing, State Purchasing, Risk Management, Transportation Services, and Facilities Management. Ms. Silva outlined the overall budget structure and highlighted major needs, including deficiencies in the Risk Management Division due to entities leaving the insurance pool and the growing costs of unpaid claims, as well as additional staffing needs in Facilities Management to support new buildings coming online. Ms. Silva noted that the department faces a projected \$402 million deficit in risk management due to public liability and workers' compensation claims, supported by trend data showing rising claim frequency over more than a decade. Facilities Management, which oversees roughly 45 percent of all state buildings and hundreds of capital projects, is requesting 40 FTE to sustain operations for new properties such as the Literacy Center, the ERB building acquisition, and DPS secure storage. Ms. Silva also discussed transportation needs, including compliance with zero-emission vehicle requirements and a \$12 million vehicle request, and described the wide-ranging responsibilities of State Purchasing, which procures everything from basic supplies to major construction, and State Printing, which produces legislative materials and supports agency printing needs with improved technology and growing workload. Ms. Silva emphasizing the department's wide operational scope, the importance of meeting statutory responsibilities across divisions.

**State Engineer/Interstate Stream Commission** ([1:09 PM, click here for meeting materials](#)) State Engineer Elizabeth Anderson and Interstate Stream Commission Director Hannah Riseley-White presented the FY27 budget priorities, emphasizing three major goals, modernizing the agency, protecting and restoring the Rio Grande, and planning for New Mexico's long-term water future. The presentations highlighted ongoing challenges with staff recruitment and retention, especially for highly technical positions, despite reduced vacancy rates, and stressed the need for better technology, expanded metering, and stronger enforcement authority to address illegal water use and improve water administration statewide. A major focus was advancing implementation of the proposed *Texas v. New Mexico* settlement, increasing efficiencies in the Middle and Lower Rio Grande, improving channel capacity, and ensuring sufficient flows to Elephant Butte Reservoir amid declining hydrology. The presentations also outlined major accomplishments funded in recent years, including groundwater conservation, brackish-water studies, reuse projects, aquifer recharge planning, and stakeholder engagement through the emerging Lower Rio Grande Water Alliance. Planning efforts tied to the governor's 50-Year Water Action Plan and the Water Security Planning Act were discussed as essential tools for helping communities prepare for an expected 25 percent decline in water availability by 2070. Additional priorities included continued progress on Indian Water Rights Settlements, more staffing and resources for Middle Rio Grande enforcement and metering, funding for the Strategic Water Reserve, replacement of the state's outdated 25-year-old water database, long-term trust fund sustainability, Colorado River negotiations, acequia infrastructure needs, and expanded office space in Albuquerque and Las Cruces to better serve communities along the Rio Grande.

**Energy, Minerals and Natural Resources Department** ([2:45 PM, click here for meeting materials](#)) Energy, Minerals and Natural Resources Department Deputy Secretary Ben Shelton presented the agency's FY27 budget overview, noting that five of six divisions are requesting

essentially flat budgets, with adjustments limited to fringe-benefit increases. The one major exception is the Forestry Division, which is seeking funding to implement two recently passed wildfire-related bills, Senate Bill 33's Wildfire Prepared program and new timber-grading initiatives, requiring additional staff and contractual support. Mr. Shelton explained that large reversions, such as \$9 million in emergency fire reimbursements, reflect delayed Federal Emergency Management Agency payments from numerous small wildfires, while Oil Conservation Division reversions stem from hiring lags in a competitive oil-and-gas labor market. Mr. Shelton highlighted ongoing work in energy conservation and federal fund implementation, including grid modernization, community energy-efficiency grants, and deployment of the Community Benefit Fund. Mr. Shelton reported strong activity in State Parks following fee-rule changes, as well as progress in mining, particularly abandoned uranium site remediation. The Oil Conservation Division continues to face heavy permitting workloads driven by industry growth, coupled with persistent recruitment challenges, but is working to shorten permit turnaround times and advance orphan-well plugging. Mr. Shelton also described progress on the statewide Energy Transition Strategy, expansion of the Rio Grande Trail Commission, and several major special-appropriation requests, \$10 million for ECMD community projects, \$50 million for forestry wildfire-mitigation work, \$2 million for AI-based wildfire-vigilance services, and new program-support capacity to meet growing administrative demands. Mr. Shelton noted one emerging issue, the U.S. Supreme Court's decision to take up the *Atencio v. New Mexico* case, which will likely require an additional \$200 thousand for legal defense across the executive agencies involved.

### **Miscellaneous Business (3:43 PM)**

**Action Items.** Senator Muñoz moved to adopt the LFC October 2025 meeting minutes, seconded by Senator Shendo and Senator Trujillo. The motion carried.

Senator Muñoz moved to adopt the LFC Subcommittee A October 2025 meeting minutes, seconded by Senator Shendo and Senator Trujillo. The motion carried.

Senator Muñoz moved to adopt the LFC Subcommittee B October 2025 meeting minutes, seconded by Senator Shendo and Senator Trujillo. The motion carried.

Senator Muñoz moved to adopt the LFC October Child Welfare Subcommittee October 2025 meeting minutes, seconded by Senator Shendo and Senator Trujillo. The motion carried.

Representative Chatfield moved to adopt the LFC contracts, seconded by Representative Dixon. The motion carried

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

**Department of Homeland Security and Emergency Management (3:56 PM, click here for meeting materials)** Adjutant General and Acting Homeland Security and Emergency Management (DHSEM) Secretary Miguel Aguilar briefed the committee on the worsening climate-related threats facing New Mexico, particularly the combination of persistent drought, more extreme storms, and post-fire flooding fueled by rising atmospheric moisture, and explained how these conditions demand stronger statewide emergency capacity. Mr. Aguilar emphasized that DHSEM has been severely underfunded for years and increasingly reliant on temporary contractors to

manage fires, floods, mitigation projects, and federal reimbursements, creating long-term risks if funding or expertise disappears. The agency is requesting about \$2.6 million in recurring funds to convert critical contractor functions into permanent staff positions to ensure continuity, expand disaster response capability, pursue more federal funding, and prevent further loss of institutional knowledge. Mr. Aguilar also highlighted several special requests, including \$2 million to correct underfunded federal cost-share obligations, \$1.4 million to repay Federal Emergency Management Agency for legacy disaster reimbursements the state can no longer document, and \$142 thousand to fix an erroneous reversion in the State Fire Marshal's accounts. Additional funding is sought for fire prevention staff, IT support, and code enforcement inspectors to keep up with expanding industrial and commercial development. Mr. Aguilar emphasized that without sustained investment, the state will be unable to meet emergency-management demands driven by wildfire, flooding, and climate change.

**Secretary of State (5:00 PM, [click here for meeting materials](#))** Secretary of State Maggie Toulouse Oliver presented its FY27 budget as an effort to stabilize long-underfunded core operations while continuing to run secure, efficient elections and business services. Ms. Toulouse Oliver noted that the office has met or exceeded nearly all performance targets, successfully implemented online business filings with same-day turnaround, and continues to administer complex elections, automatic voter registration, semi-open primaries, and campaign-finance and voter-registration systems in a highly charged environment. For FY27, the office requested a \$14.4 million general-fund operating budget plus a small expansion to replace expiring federal Help America Vote Act funds, including converting an elections outreach position from term to permanent and covering critical election-security costs. In addition, about \$22.5 million in specials is requested, most notably \$15 million for the election fund required by statute, along with money to modernize the statewide voter database and election-management systems, complete tabulator software upgrades, implement logistics tools, and address website accessibility and other IT needs, plus C2 and capital projects to finish a new campaign-finance system and replace aging election infrastructure. Ms. Toulouse Oliver stated budgets have consistently necessitated requested for funding from the Board of Finance and reliance on supplementals just to meet payroll, PCI and cybersecurity requirements, and county election reimbursements. Ms. Toulouse Oliver requested the committee fully funding the request to meet payroll, fill positions, improve filings, election readiness, increase compliance, and support staff continuity.

**State Treasurer's Office (5:32, [click here for meeting materials](#))** State Treasurer Laura Montoya presented a comprehensive overview of the office's rapidly expanding responsibilities and the FY27 budget request, emphasizing that the Treasurer's Office now oversees about \$160 billion across multiple boards and manages nearly \$20 billion in active investment pools, along with over 140 agencies, 1,100 bank accounts, and more than \$22 billion in annual trade volume. The Treasurer highlighted major growth in the Local Government Investment Pool, now over \$3.3 billion, and strong statewide investment earnings of \$722 million, including \$580 million returned to the state, which underscores the office's role as the financial backbone of state operations. Despite this growth, the office remains understaffed, with only two investment professionals managing almost \$20 billion, a practice flagged by two external audits that recommended adding a Chief Investment Officer, two Portfolio Managers, and a Chief Information Officer to protect liquidity, compliance, and internal controls. Ms. Montoya explained that some reversions were due to hiring challenges and outdated BAR authority, not excess funding, and requested a 42

percent budget increase, partly funded through Local Government Investment Pool earnings, to address staffing, IT security, risk management, recruiting, and the specialized technology required for complex investment operations. Ms. Montoya stressed that failing to fund these needs risks financial security, delayed cashflow operations, audit findings, burnout, and exposure to costly errors, whereas investing in the Treasurer's Office ensures professional management of billions of public dollars and safeguards the state's financial stability for communities and agencies statewide.

**Friday November 21, 2025 ([click here for webcast](#))**

The following members and designees were present on Friday November 21, 2025: Chairman Nathan P. Small; Vice Chairman George Muñoz; Representatives Meredith A. Dixon, Jack Chatfield, Derrick J. Lente, Harlan Vincent, and Rebecca Dow; and Senators Benny Shendo, Roberto "Bobby" J. Gonzales, Pat Woods, Linda Trujillo, Steve D. Lanier, and Pete Campos. Guest legislators: Representatives Mark Duncan, Tara L. Lujan, Sarah Silva, and Joseph Franklin Hernandez.

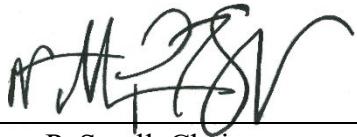
**Public School Capital Outlay Joint LESC/LFC Brief ([8:33 AM, click here for webcast](#))** LFC

Program Evaluator Drew Weaver, LFC Program Evaluator Sarah Rovang, and LESC Senior Policy Analyst Mark Montoya presented the Public School Capital Outlay which explains how New Mexico funds school facilities through a shared-cost system that blends local district revenue with state support, guided by a local-state match formula intended to equalize access to adequate school buildings. While the formula's structure, rooted in the Zuni lawsuit and the state's constitutional adequacy requirements, remains sound, the report shows it no longer reflects districts' true ability to pay because it relies on outdated cost assumptions, static mill-rate expectations, and a 45-year amortization schedule that does not match real-world funding cycles or construction conditions. Pandemic-driven inflation, rising construction costs, limits on local revenue generation, and structural constraints such as low property valuations and bonding caps have pushed many districts to request record numbers of waivers and rely increasingly on state severance-tax-funded capital outlay, shifting more financial burden to the state. The report highlights how nearly a third of districts now sit at the maximum 94 percent local match, even when their tax base cannot realistically support it, and that statewide blanket match reductions in 2023 and 2025 have only temporarily eased pressures. To ensure long-term sustainability and fairness, the analysis recommends recalibrating formula inputs, updating cost factors, strengthening guardrails and readiness requirements, and considering additional indicators of local capacity to more accurately measure district ability to contribute while protecting the state's financial exposure and ensuring all students learn in facilities that meet adequacy standards.

**Status of *Martinez-Yazzie* Lawsuit ([9:44AM, click here for meeting materials](#))** LFC Fiscal Analyst Sunny Liu and LESC Director Jon Sena jointed by Public Education Department Secretary Marina Padilla provided an update on the *Martinez-Yazzie* lawsuit, outlining how the case has progressed from the 2018 ruling that New Mexico was failing at-risk students to the recent court order requiring the Public Education Department (PED) to submit a comprehensive remedial action plan. The system outputs the court uses to judge adequacy, National Assessment of Educational Progress scores, state assessments, graduation and dropout rates, college remediation, absenteeism, and labor force participation, showing that while some indicators have improved post-pandemic, overall performance remains far below expectations, especially in math and national rankings. The inputs identified as inadequate in 2018, such as support for at-risk students,

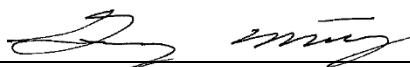
expanded learning time, PreK, quality instruction, and instructional materials, and emphasized that although the Legislature has invested more than \$2 billion since FY19, mostly in educator salaries, extended learning time, and at-risk funding, gaps remain. Mr. Sena outlined the committee's roadmap for long-term structural improvement, including stabilizing educator preparation, sustaining literacy and math initiatives, strengthening whole child supports, improving governance, and aligning facilities and budgeting with enrollment trends. Both presenters stressed the need for durable systems that survive political transitions and urged policymakers to think beyond one-time innovations toward scalable, sustained reforms aligned with the court-ordered action plan now under review.

With no further business, the meeting adjourned at 1:00 p.m.



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Nathan P. Small, Chairman



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George K. Muñoz, Vice Chairman