

# Fiscal Year 2025

Executive Budget Recommendation  
Overview

State Budget Division



New Mexico  
Department of Finance  
and Administration

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# FISCAL YEAR 2025 EXECUTIVE BUDGET RECOMMENDATION:

## OVERVIEW

The fiscal year 2025 Executive Budget Recommendation totals \$10.517 billion in recurring general fund appropriations, an increase of \$948.9 million, or 9.9%, over the fiscal year 2024 operating budget. This increase utilizes a portion of the estimated \$3.48 billion in new FY25 general fund revenue to support increases in operating costs for all state agencies, a 3% compensation increase for state, higher education and public-school employees, and numerous Executive priority initiatives as detailed in the following sections.

The recommendation also includes approximately \$2.1 billion in nonrecurring general fund spending and a \$250 million transfer to the Land of Enchantment conservation legacy permanent fund, a significant long-term investment in statewide conservation initiatives. Further, the recommendation accounts for a total general fund capital package of \$850 million and allows for a maximum \$500 million impact in fiscal year 2025 for potential tax changes enacted during the 2024 legislative session. With all factors taken into consideration, the recommendation leaves estimated general fund reserves at 47.0% at the end of fiscal year 2024 and 34.2% at the end of fiscal year 2025.

The recommendation, therefore, capitalizes on New Mexico's record revenue windfall to make significant one-time investments in needed areas but also grows the recurring budget at a reasonable, responsible pace in line with future projections of the Consensus Revenue Estimating Group. If the FY25 Executive Budget Recommendation were to be adopted into law and the most recent CREG estimates hold, estimated "new money" in FY26 would be approximately \$2.75 billion.

The general fund comprises approximately 35.9% of the FY25 Executive budget recommendation, consistent with recent years. The remainder of the budget recommendation comes from federal funds and other state funds, with the total recurring recommendation amounting to \$29.3 billion from all funds. For a list of all state agency recommended budgets, see Table 1 (general fund) and Table 2 (total funds) in the Executive recommendation document.

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## NONRECURRING APPROPRIATIONS

The Executive recommendation utilizes the availability of record one-time general fund revenue to make significant investments in agencies and programs, as well as shore up funds that have faced fiscal challenges in recent years. The recommendation supports a total of \$2.135 billion in nonrecurring general fund appropriations, including \$1.602 billion in special appropriations, \$293.3 million in supplemental and deficiency appropriations, and \$58.3 million in special information technology appropriations. Additionally, for the first time the Executive is recommending a package of transportation projects for Section 9 of the General Appropriations Act totaling \$240 million from the general fund. The most significant nonrecurring appropriations in the Executive recommendation include:

- ✚ \$500 million for statewide housing initiatives through the New Mexico Finance Authority and New Mexico Mortgage Finance Authority
- ✚ \$200 million for statewide road projects (DOT)
- ✚ \$100 million to provide grant matching funds to state, local, and tribal governments (DFA)
- ✚ \$100 million for the Rural Health Care Delivery Fund (HCA)
- ✚ \$42 million to support implementation of the state's broadband plan (Office of Broadband Access and Expansion)
- ✚ \$40 million for statewide homelessness initiatives (DFA)
- ✚ \$35 million for law enforcement recruitment and retention (DFA)
- ✚ \$35 million for firefighter and emergency medical technician recruitment and retention (DFA)
- ✚ \$35 million to support and fund Indian water rights settlements (OSE)
- ✚ \$30 million for planning, design, rights-of-way and construction of wildlife corridors (DOT)
- ✚ \$30 million for structured literacy training and implementation (PED)
- ✚ \$25 million to the Local Economic Development Act fund (EDD)

- ✦ \$20 million to support low-interest loans to communities to implement projects that reduce carbon emissions (EMNRD)
- ✦ \$15 million each for the teacher loan repayment program and health professional loan repayment program (HED)
- ✦ \$15 million for national marketing and advertising (Tourism)
- ✦ \$10 million for the roadway beautification program (DOT)
- ✦ \$10 million to improve enrollment and graduation from nursing programs at higher education institutions (HED)

For a complete list of Executive recommended nonrecurring appropriations, please refer to Table 4 in the FY25 Executive Budget Recommendation. Table 5 lists prior nonrecurring appropriations recommended for reauthorization through future fiscal years.

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## STATE AND LOCAL FISCAL RECOVERY FUND APPROPRIATIONS AND EXTENSIONS

In the 2<sup>nd</sup> Special Session of 2021, the Legislature transferred \$1.069 billion received from New Mexico’s State and Local Fiscal Recovery Fund (SLFRF) award under the federal American Rescue Plan Act to the appropriation contingency fund of the general fund. Since that time, \$1.014 billion of that amount has been appropriated to various state agencies for important projects. These include:

- ✦ \$142.5 million to the Department of Transportation for roadway projects
- ✦ \$130 million to the lottery tuition fund
- ✦ \$108 million for the Opportunity Scholarship
- ✦ \$45 million to the Department of Finance and Administration for recreation centers and quality of life projects statewide
- ✦ \$30 million to the Office of the State Engineer for drought mitigation projects
- ✦ \$20 million to the Energy, Minerals and Natural Resources Department to improve facilities and infrastructure at state parks
- ✦ \$20 million to the Human Services Department to implement behavioral health services and community child welfare services, in collaboration with the Children, Youth and Families Department

These appropriations were created with various expiration dates, with most of the funding (\$635 million) expiring on June 30, 2025. This creates a potential conflict with federal deadlines, that require that all funding received from the SLFRF must be obligated by December 31, 2024, and expended by June 30, 2026. Therefore, any funding under state appropriations that expires on June 30, 2025, and is not expended by that date will immediately be returned to the federal government with no chance to be reappropriated and expended. To avoid this situation, the Executive recommendation includes language to extend all existing SLFRF appropriations through fiscal year 2027. This will align state appropriations with federal deadlines and allow state agencies the maximum amount of time to expend funds to ensure no dollars are returned to the federal government.

Additionally, \$54.5 million of SLFRF funding remains available to be appropriated and spent. The 2024 Session is the last opportunity to appropriate these funds before the federal obligation deadline. The Executive recommendation allocates \$30 million of SLFRF funding to the Department of Transportation for electric vehicle charging infrastructure statewide, including in rural areas that may not qualify for federal funding, and \$24.5 million to implement the Governor’s fifty-year water plan as detailed below. These projects have been vetted as allowable uses of this federal funding source that can be obligated and expended in accordance with federal deadlines, and the various state agencies can provide information in that regard upon request. The appropriation to implement the fifty-year water plan is as follows:

- ✦ \$9 million to the Bureau of Geology and Mineral Resources at the New Mexico Institute of Mining and Technology to accelerate the Aquifer Mapping and Monitoring Program, a critical investment for future water security and to advance the Strategic Water Supply.
- ✦ \$8 million to the New Mexico Environment Department for various programs, including facility capacity and funding strategies, implementation of the Strategic Water Supply and development of associated water reuse rules and policies, and for a new data dashboard of all contaminated sites.

- ✚ \$5 million to the Office of the State Engineer for a public education campaign to increase water conservation through personal responsibility.
- ✚ \$3 million to the Department of Agriculture to develop water conservation policies and incentives and to develop and implement a conservation outreach and education campaign for farmers and ranchers to increase adoption of technology and drought-resilient crops.

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## FISCAL YEAR 2023 GENERAL FUND REVERSION AND BUDGET ADJUSTMENT REQUEST SUMMARY

As agency general fund budgets have grown in recent years, increased scrutiny has been applied to their general fund reversions--in other words, the amount of their general fund budget they did not expend during the fiscal year. This is an important and prudent tool of budget analysis; however, careful attention must be paid when examining these reversions to understand their funding sources and context. For example, some amounts included in “total” reversions may be leftover balances from special appropriations and not recurring operating budgets (as appropriated in Section 4 of the General Appropriations Act). Reversions could also be revenue generated by the agency for the general fund. In FY22, total general fund reversions were \$351.7 million, but operating budget reversions were \$136.8 million, or 4.4% of total recurring FY22 general fund appropriations.

Fiscal year 2023 general fund reversions declined significantly from FY22, despite the overall budget being higher. The total general fund reversion in FY23 amounted to \$191.7 million; however, operating budget reversions totaled \$72.1 million, or 2.1% of total recurring general fund agency budgets. \$43.6 million of this total was from the Department of Health due to the enhanced Medicaid FMAP rate, freeing up excess general fund. Other significant sources of FY23 reversions include:

- ✚ \$13.1 million in capital outlay appropriation balances
- ✚ \$10.9 million in special appropriation balances
- ✚ \$8.3 million in “junior bill” appropriation balances

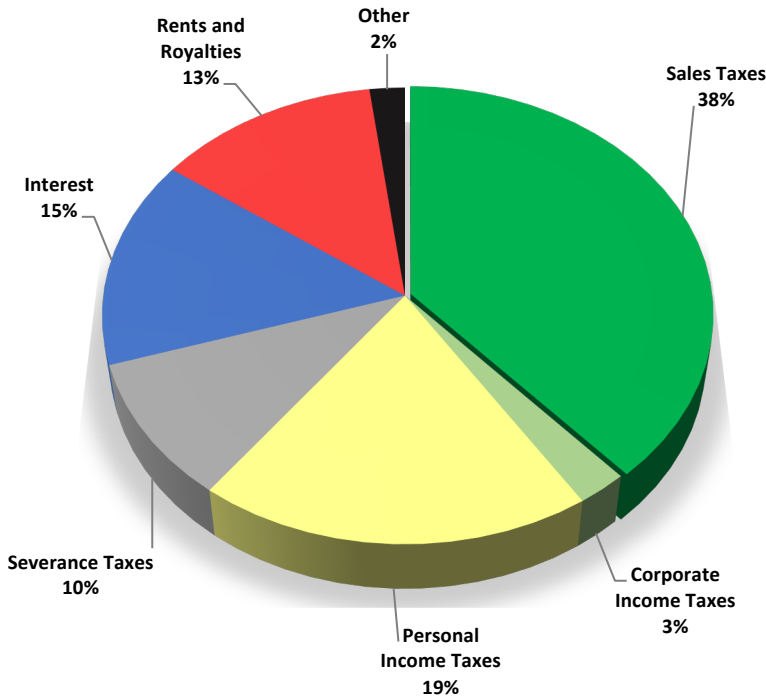
For complete details on agency reversions, please refer to the tables in Appendix D of the Executive Budget Recommendation.

Another frequent subject of budget scrutiny is the amount of budget authority agencies move out of the Personal Services and Employee Benefits (PSEB) category through budget adjustment requests (BARs). It is important to place these transfers within the context of the entire budget. Per authority granted in the General Appropriations Act, agencies can transfer budget authority among the PSEB, Contracts, and Other Costs budget categories from all funding sources by submitting BARs to DFA and LFC. Every such transfer is examined by both DFA and LFC before approval to ensure the proposed action is consistent with the agency’s mission as well as statutory and GAA authority. Of the 781 BARs submitted to DFA in fiscal year 2023, 159 transferred budget authority out of the PSEB category. The total amount transferred was \$62.2 million, or about 2.6% of the total PSEB budget from all agencies. Of this amount, \$51.4 million was general fund, or about 0.6% of the total general fund budget. The agencies with the largest transfers out of PSEB included:

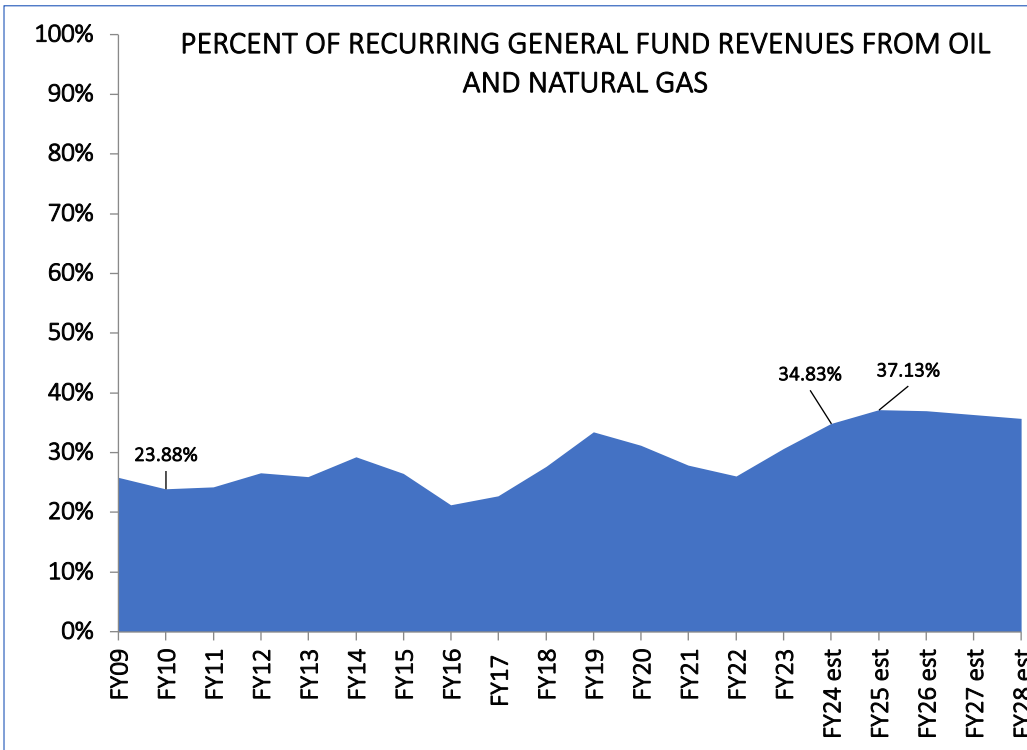
- ✚ Corrections Department - \$24.5 million (\$24.4 million general fund)
- ✚ Department of Health - \$5.5 million (\$3.3 million general fund)
- ✚ All District Attorneys - \$4.9 million (\$4.7 million general fund)
- ✚ Law Offices of the Public Defender - \$4.2 million (\$2.7 million general fund)
- ✚ Department of Public Safety - \$3.1 million (\$2.7 million general fund)

# FISCAL YEAR 2025 EXECUTIVE BUDGET RECOMMENDATION: WHERE THE MONEY COMES FROM

## FY25 General Fund Revenue Estimate



| Revenue Source         | Amount (rounded)       |
|------------------------|------------------------|
| Sales Taxes            | \$ 5 B                 |
| Corporate Income Taxes | \$ 324 M               |
| Personal Income Taxes  | \$ 2.5 B               |
| Severance Taxes        | \$ 1.3 B               |
| Interest               | \$ 1.9 B               |
| Rents and Royalties    | \$ 1.7 B               |
| Other                  | \$ 267 M               |
| <b>Total</b>           | <b>\$13.05 billion</b> |

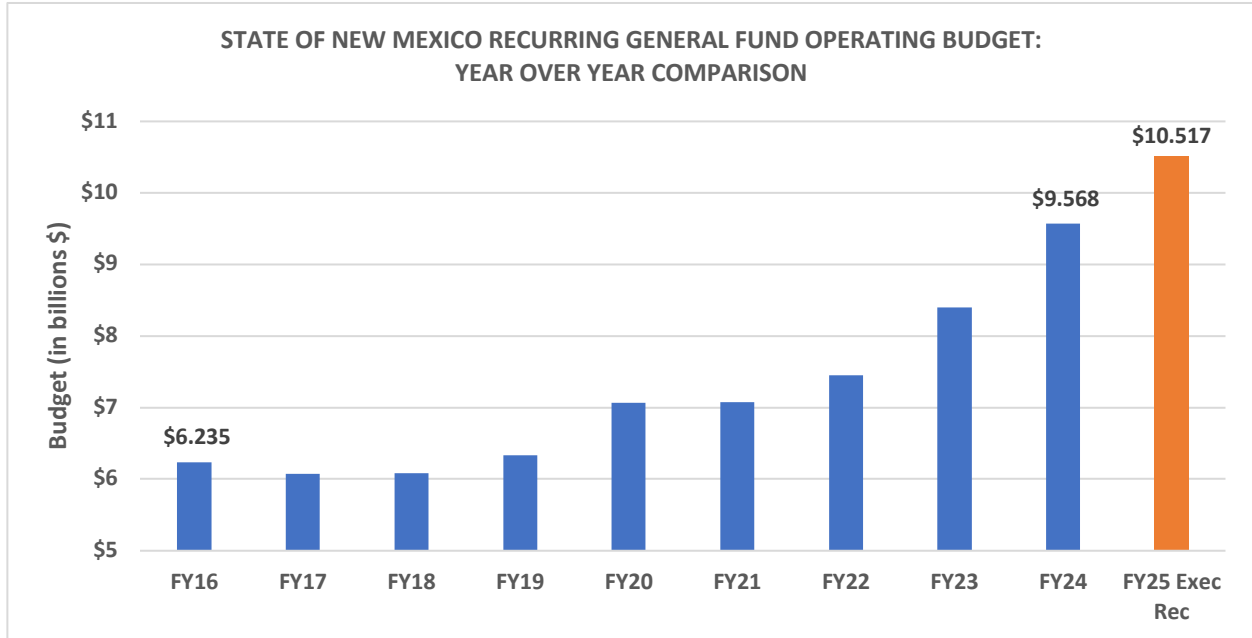


The State of New Mexico has become increasingly more reliant upon oil and gas revenues to finance state operations. The graph to the left displays oil and gas related revenues as a percentage of total general fund revenues. Oil and gas related revenues are projected to comprise 37% of FY25 general fund revenues.

# FISCAL YEAR 2025 EXECUTIVE BUDGET RECOMMENDATION:

## WHERE THE MONEY GOES

The FY25 Executive Budget Recommendation proposes recurring general fund appropriations totaling \$10.517 billion, an increase of \$948.9 million, or 9.9%, above the FY24 operating budget.



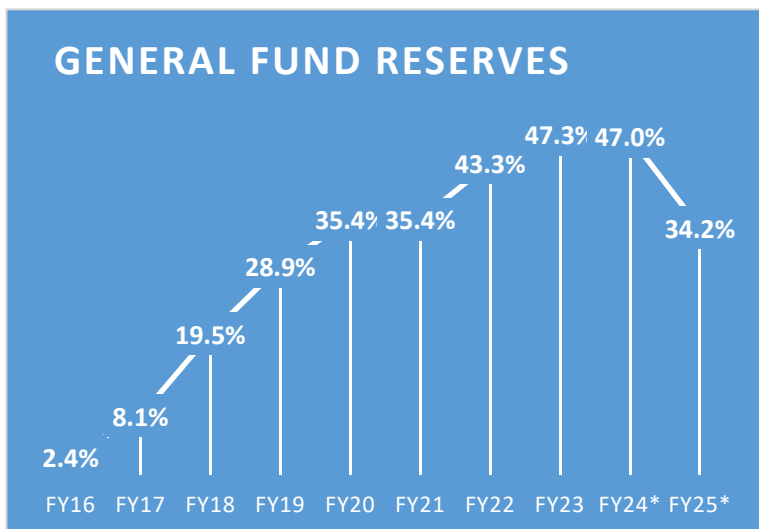
| Agency  | FY25 Recommendation (in millions) | Percent of Total | Percent Increase Over FY24 |
|---|-----------------------------------|------------------|----------------------------|
| Public Education                                  | \$ 4,458.9                        | 42.4%            | 7%                         |
| Health Care Authority                             | \$ 2,148.4                        | 20.4%            | 33%                        |
| Higher Education                                  | \$ 1,327.2                        | 12.6%            | 5%                         |
| Early Childhood Education and Care Department     | \$ 367.0                          | 3.5%             | 12%                        |
| Department of Corrections                         | \$ 353.3                          | 3.4%             | 3%                         |
| Children, Youth and Families Department           | \$ 279.6                          | 2.7%             | 10%                        |
| Courts  | \$ 247.1                          | 2.3%             | 9%                         |
| Department of Health                              | \$ 199.3                          | 1.9%             | -49%                       |
| Department of Public Safety                       | \$ 171.9                          | 1.6%             | 4%                         |
| District Attorneys                                | \$ 97.3                           | 0.9%             | 10%                        |
| Taxation and Revenue Department                   | \$ 82.8                           | 0.8%             | 5%                         |
| Public Defender                                   | \$ 78.1                           | 0.7%             | 9%                         |
| Aging and Long-Term Services Department           | \$ 74.4                           | 0.7%             | 14%                        |
| Cultural Affairs Department                       | \$ 44.5                           | 0.4%             | 7%                         |
| Energy, Minerals and Natural Resources Department | \$ 43.2                           | 0.4%             | 22%                        |
| Department of Finance and Administration          | \$ 41.4                           | 0.4%             | -24%                       |
| Office of the State Engineer                      | \$ 33.4                           | 0.3%             | 9%                         |
| Environment Department                            | \$ 32.4                           | 0.3%             | 27%                        |
| Tourism   | \$ 26.3                           | 0.3%             | 8%                         |
| Economic Development Department                   | \$ 21.6                           | 0.2%             | 9%                         |
| General Services Department                       | \$ 21.5                           | 0.2%             | 7%                         |
| Workforce Solutions Department                    | \$ 10.8                           | 0.1%             | 55%                        |
| All Other Agencies                                | \$ 278.9                          | 2.7%             | -                          |
| Compensation Increase                             | \$ 77.5                           | 0.7%             | -                          |
| <b>TOTAL</b>                                      | <b>\$ 10,517.0</b>                |                  | <b>9.9%</b>                |

# FISCAL YEAR 2025 EXECUTIVE BUDGET

## RECOMMENDATION: GENERAL FUND RESERVES

The New Mexico Constitution requires a balanced budget, so state government maintains general fund reserves to cover any shortfalls if revenues are unexpectedly low or expenses are unpredictably high. The general fund reserves are measured as a percentage of the state's recurring general fund operating budget. They are made up of several distinct accounts: the operating reserve, tax stabilization reserve, appropriation contingency fund, and state support reserve fund.

A reserve of almost 17% in 2006 proved inadequate for New Mexico through the Great Recession, and a reserve of 12% in FY14 was not sufficient to tolerate the effects of the forthcoming oil bust. Therefore, in recent years, Legislative and Executive officials have targeted reserve levels of 25% or more when crafting the budget to withstand a possible recession or a substantial downturn in the oil industry.



\*projected

- **Projected Ending Reserves FY24: \$4.5 billion**
- **Projected Ending Reserves FY25: \$3.6 billion**

### LONG-TERM INVESTMENTS TO BOLSTER THE STATE'S FINANCIAL STABILITY:

In addition to the large projected general fund reserve levels, several pieces of 2023 legislation (HB2, SB26, and SB378) also direct \$4.7 billion over the next four fiscal years to the Severance Tax Permanent Fund, significantly decreasing the volatility of the general fund and the state's future budgetary reliance on the oil and gas industry. In the long run, this infusion into the Severance Tax Permanent Fund is estimated to offset the losses to the general fund from declining oil and gas revenues in the future as Severance Tax Permanent Fund distributions from investment earnings grow faster than the reductions in oil and gas revenue.

### ISSUE FOCUS:

### **CONSERVATION LEGACY PERMANENT FUND AND LAND OF ENCHANTMENT LEGACY FUND**

The new Conservation Legacy Permanent Fund and Land of Enchantment Legacy Fund, established through Senate Bill 9 of the 2023 session, serve as a long-term investment in protecting and preserving New Mexico's land and water resources and increasing access to outdoor recreation opportunities for current and future generations. The 2023 General Appropriations Act included general fund investments of \$50 million into both the permanent fund and legacy fund, providing a sufficient balance to meet the minimum \$12.5 million distribution to agencies, included in the FY25 Executive Recommendation as follows according to the percentages outlined in SB 9:

- ✦ \$2.8 million to the Energy, Minerals and Natural Resources Department for forest and watershed conservation projects and projects pursuant to the Natural Heritage Conservation Act
- ✦ \$2 million to the Department of Agriculture for projects pursuant to the Noxious Weed Management Act, Healthy Soil Act and Soil and Water Conservation District Act.
- ✦ \$2.75 million to the Department of Game and Fish for projects and programs for the protection and propagation of game and fish
- ✦ \$1.9 million to the Economic Development Department for outdoor equity grants, special projects, and outdoor recreation infrastructure
- ✦ \$1.25 million to the Environment Department for projects to improve surface water quality and river habitats statewide.
- ✦ \$1 million to the Department of Cultural Affairs for projects pursuant to the Cultural Properties Protection Act.

Senate Bill 9 specifies that these distributions are valid for expenditure for two fiscal years before reverting to the land of enchantment legacy fund. Due to the budgetary complications created by comingling such distributions within a single fiscal year operating budget, the Executive recommendation includes them as separate line items in each agency, like other line-item appropriations found in Section 4 of the GAA for the Department of Finance and Administration. This structure will enable better tracking of these funds to ensure they are fully expended for the purposes intended.

Further, the Executive recommendation includes a \$250 million general fund transfer to the Conservation Legacy Permanent Fund, which will yield significant long-term investment income, providing for increased annual distributions to agencies – an effective investment of current revenue windfalls to generate more money for the future preservation of New Mexico.

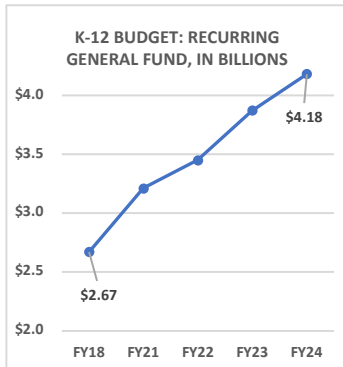


# K-12 PUBLIC EDUCATION

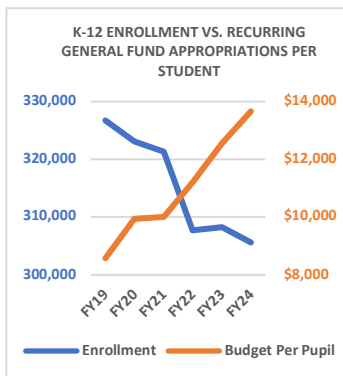
## RECURRING

For fiscal year 2025, the Executive recommendation includes \$4.46 billion in recurring general fund for K-12 public education, reflecting an increase of \$283.1 million, or 6.8%, over the current year.

|              | FY23          | FY24          | FY25 Rec      | \$ Change YOY | % Change YOY |
|--------------|---------------|---------------|---------------|---------------|--------------|
| General Fund | \$3,871,041.2 | \$4,175,721.6 | \$4,458,891.1 | \$283,169.5   | 6.8%         |
| Total Funds  | \$4,369,375.9 | \$4,730,221.6 | \$5,039,391.1 | \$309,169.5   | 6.5%         |



From FY19 to FY24, recurring general fund appropriations for K-12 public education grew from \$2.8 billion to \$4.2 billion, an increase of 49%. On a per-pupil basis, recurring general fund appropriations grew by 59%, as enrollment dipped from 327 thousand students to 306 thousand students. Public schools account for 42.4% of the total statewide recurring general fund budget recommendation.



Of the total amount dedicated to public schools, the fiscal year 2025 Executive recommendation allocates \$4.23 billion toward the State Equalization Guarantee (SEG) distribution, an increase of \$260.9 million, or 6.6% over the current school year. The SEG, also known as the public-school funding formula, was created in the Public School Finance Act of 1974 with the intent of equitably distributing state resources for operations of school districts and charter schools

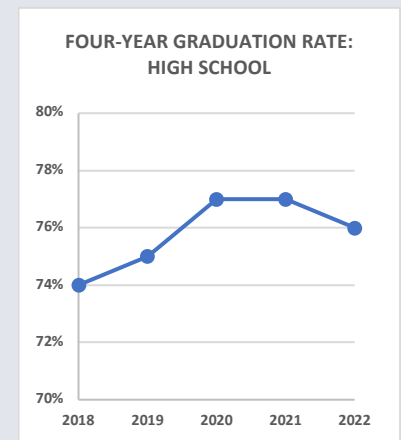
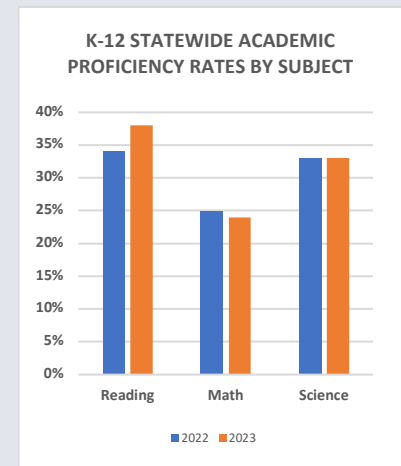
in order to provide every New Mexico student with the programs and services appropriate to their educational needs regardless of geographic location or local economic conditions. The formula starts with school “membership,” or enrollment, then uses multipliers for a variety of factors including the number of students in different grades; the number of students receiving special education or bilingual education; the education and experience of the teachers; the size of the district and school; and the number of students considered “at risk,” measured by student poverty, English proficiency, and mobility (transience). For the current year, enrollment accounts for 57% of the distribution, special education participation accounts for 18%, at-risk factors account for 9%, and all other components account for the remaining 16%.

### K-12 Plus

The largest increase within the FY25 Executive recommendation for the SEG is \$101.2 million for the K-12 plus program, which provides funding for school districts and charter schools that extend their calendars beyond 180 days. The projected growth in K-12 plus participation is largely driven by the Public Education Department’s proposed rule to increase the minimum number of instructional days *with students* to 180. In the current school year, roughly 55% of schools statewide adopted a calendar beyond 180 days, including several days *without students* embedded in the calendar for professional work time as allowed by HB130 of the 2023 Legislative Session. If the proposed rule is adopted, a larger number of schools will implement calendars

## DATA DIVE Academic Proficiency

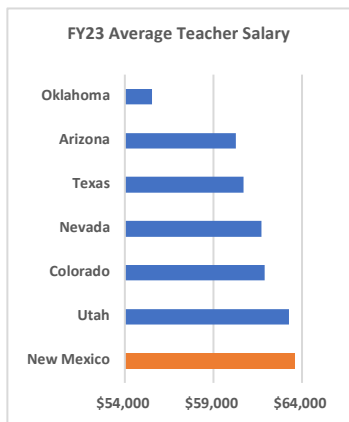
After two years without assessments, students participated in three brand new assessments in spring 2022, the NM-MSSA, the NM-ASR and the SAT. Because the assessments are new to the state, the results are not perfectly comparable to results from the PARCC assessment administered before the pandemic.



beyond 180 days in the 2024-25 school year to comply with the new rule without sacrificing dedicated professional work time.

### Compensation and Insurance

The second largest increase within the FY25 Executive recommendation for the SEG is a 3% salary increase for educational personnel totaling \$94 million. Over the last few years, both the Executive and the Legislature have made teacher compensation a priority. In FY22, the average teacher salary in New Mexico was \$54,272, ranking 41<sup>st</sup> in the nation. In the 2022 Legislative Session, New Mexico raised the three-tiered teacher salary minimums to \$50 thousand, \$60 thousand, and \$70 thousand. As a result, the average FY23 teacher salary in New Mexico grew to \$63,580, a 17% increase over the prior year, moving New Mexico from 41<sup>st</sup> to 22<sup>nd</sup> in the country. The 17% growth in average teacher compensation was the largest in the nation for the 2022-23 school year and brought New Mexico from the lowest in the region in FY22 to the highest in FY23.



The FY25 Executive recommendation also includes a \$41 million increase to the SEG for the employer share of health and risk insurance premiums. This growth is largely driven by the risk program of the New Mexico Public School Insurance Authority (NMPSIA), which manages and administers insurance for all school districts statewide other than Albuquerque Public Schools. NMPSIA's preliminary FY25 risk insurance premium increase is 31.86%, which will cost the state approximately \$27.1 million. Over the last three years, NMPSIA increased risk insurance premiums by an average of 6.3%. The risk fund closed FY23 with cash reserves of over \$60 million and a financial position of 108.5%, exceeding NMPSIA's target of 100%. The preliminary premium increase of 31.86% for FY25 signals significant projected losses in the current year and next fiscal year. The NMPSIA Board monitors losses regularly and will make a final determination on FY25 premium increases in the coming months.

### Other Recurring Increases

Other general fund increases to the SEG in the FY25 Executive recommendation include: \$10 million for instructional materials, bringing the total from \$55 million up to \$65 million; \$1.5 million for universal gifted screening; \$5.2 million for fixed costs; and \$6.5 million for elementary physical education, bringing the total from \$28 million up to \$34.5 million.

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## NONRECURRING

**The fiscal year 2025 Executive recommendation includes \$331 million in nonrecurring funding, or 'special appropriations', to support a wide variety of educational programs and Public Education Department initiatives.** Special appropriations for K-12 public education have grown from \$13 million in FY19 to over \$200 million in FY24.

### Career Technical Education

One of the largest programs currently funded through nonrecurring dollars is career technical education (CTE), which serves nearly 70,000 secondary students in the current school year. In addition to traditional pathways like automotive repair and construction, today's CTE programs include a wide array of concentrations, such as health sciences, entrepreneurship, and information technology. CTE funding also supports New Mexico's 'innovation zones,' the main components of which are internships, apprenticeships, capstone projects, and graduate profiles. From FY23 to FY24, state appropriations for CTE grew from \$15 million to \$40 million, a 166% increase. The FY25 Executive recommendation holds the budget for CTE flat to the current school year at \$40 million.

### Structured Literacy

In 2020, PED released a new statewide literacy framework based on a structured literacy instructional model known as the 'science of reading.' From FY20 to FY24, the state allocated a total of \$69.2 million in support of this evidence-based approach to improve statewide literacy rates, which lag significantly behind. According to the results of the 2022 National Assessment of Educational Progress (NAEP), only 21% of 4<sup>th</sup> grade students and 18% of 8<sup>th</sup> grade students in New Mexico scored at proficiency or above in reading, each of which were 11 percentage points behind the national average. However,

assessment data from the statewide New Mexico Measures of Student Success and Achievement (NM-MSSA) show some promise, as reading proficiency increased from 34% in 2022 to 38% in 2023. The FY25 Executive recommendation includes \$35.1 million in nonrecurring funding, in addition to \$23 million in recurring dollars, for a total of \$58.1 million for structured literacy training and implementation. This reflects an increase of roughly \$37 million, or 170% above current year appropriations.

### Fellowships/Residencies/Student Teaching

The FY25 Executive recommendation includes \$23 million for the educator fellowship program, which provides aspiring teachers with real world experience in the classroom as they work toward their degree. Unlike teacher residencies, educator fellows do not need to be seeking their degree specifically in teaching. Applicants for fellowships could be studying another field entirely, such as social work or business, but decide that they would like to pursue teaching through alternative licensure after they earn their degree. Educator fellowships currently do not receive any state funding. This program has been supported by federal American Rescue Plan Act funds for the last several years which are set to expire next fiscal year. The \$23 million recommendation will support almost 400 fellowship positions in FY25, which is nearly equivalent to the number of fellowship positions supported in the current year by federal funds. The FY25 recommendation also includes \$13 million for teacher residencies and \$6.5 million for paid student teaching, both of which are flat to the current year appropriation.

### Salary Differentials

The FY25 Executive recommendation supports \$16 million for salary differentials for special education personnel or other hard-to-fill positions. Distribution of these funds would be a local decision, as positions considered hard-to-fill vary by district. At a statewide level, special education teachers and special education assistants have the most vacancies of all positions in the New Mexico educational system. Statewide stipends of \$5 thousand for all special education teachers and \$2 thousand for all special education assistants would cost about \$15 million.

### Interventions at Low-Performing Schools

The FY25 Executive recommendation includes \$10 million for 'school transformation', also known as the differentiated system of support, which provides evidence-based interventions to improve academic achievement at New Mexico's lowest performing schools. Selection of schools requiring intervention is based on PED's new school performance database, known as NMVISTAS, that assigns a designation to every school based on a variety of student outcome indicators. The Department is using federal funds to support this initiative in the current year, which will not be available next school year. The recommendation also includes \$24 million for 'school turnaround' for corrective action at persistently underperforming local public-school systems across the state due to inconsistent adherence to statutory and regulatory requirements.

### Other Large Nonrecurring Appropriations

Other large nonrecurring items in the FY25 Executive recommendation for public schools include:

- ✚ \$25 million for out-of-school learning, summer enrichment, and tutoring
- ✚ \$8 million for summer internships for working-aged high school students with local and tribal governments
- ✚ \$6 million for attendance improvement interventions, an increase of \$1 million over the current fiscal year to address rising absenteeism. Prior to the pandemic, the statewide chronic absenteeism rate hovered around 15%, but in the last couple of school years that number skyrocketed to 40%

# HIGHER EDUCATION

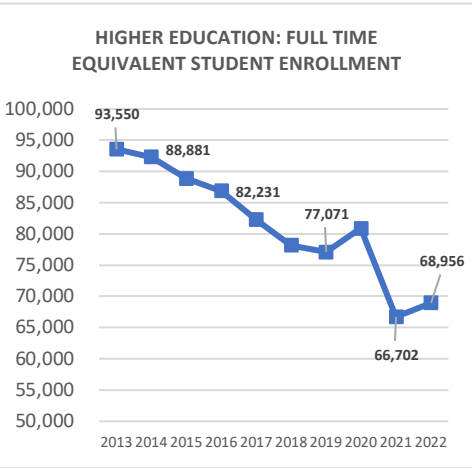
## RECURRING

For fiscal year 2025, the Executive recommendation includes \$1.33 billion in recurring general fund for Higher Education, an increase of \$57.6 million, or 4.5%, over the current year.

|              | FY23          | FY24          | FY25 Rec      | \$ Change YOY | % Change YOY |
|--------------|---------------|---------------|---------------|---------------|--------------|
| General Fund | \$1,025,354.4 | \$1,269,636.1 | \$1,327,196.1 | \$57,560.0    | 4.5%         |
| Total Funds  | \$3,352,920.6 | \$3,607,240.6 | \$3,914,011.6 | \$306,771.0   | 8.5%         |

### Instruction and General Funding

The FY25 Executive recommendation includes \$910.9 million in recurring general fund appropriations for Instruction and General (I&G) activities, reflecting an increase of \$25.9 million, or 2.9%, above FY24. I&G funding supports the basic operating expenditures of New Mexico’s higher education institutions, including instruction, administration, campus operations, and student support. Of the total increase, \$23



million is allocated through the higher education funding formula; \$2.5 million is directed to the University of New Mexico Health Sciences Center; and the remaining amount supports the New Mexico Military Institute, New Mexico School for the Blind and Visually Impaired, and New Mexico School for the Deaf.

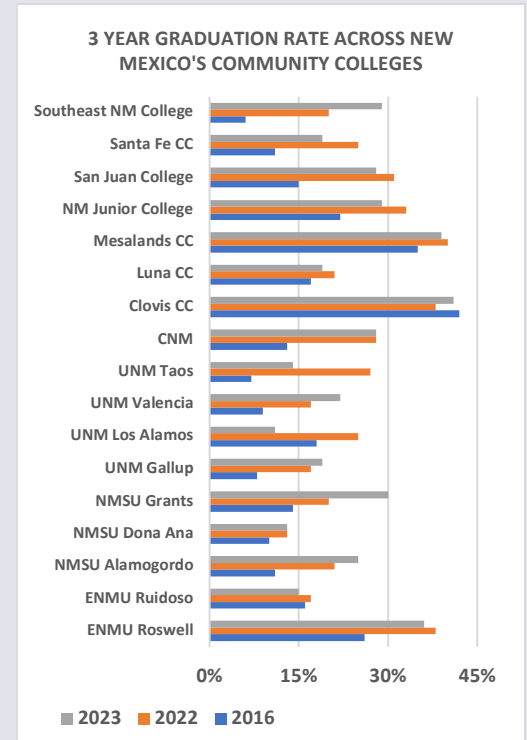
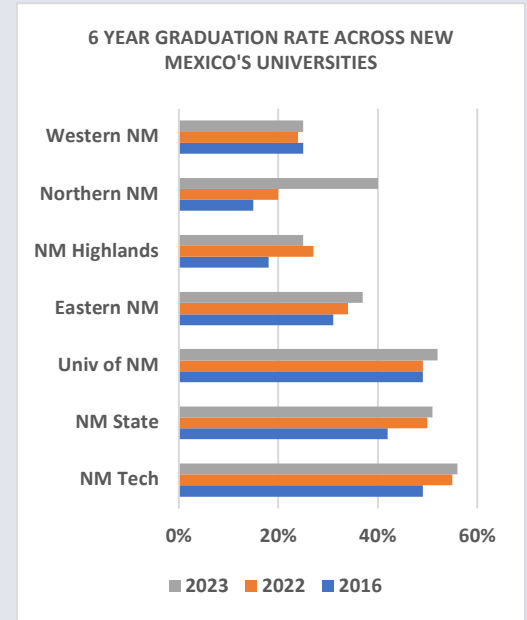
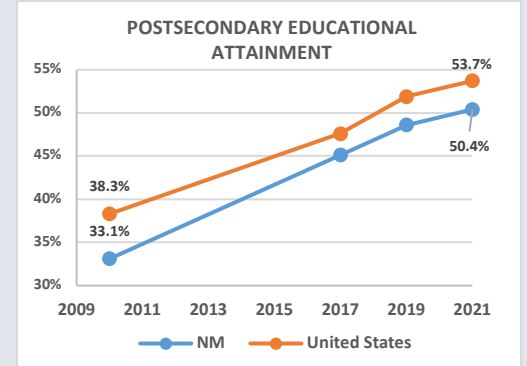
### Research and Public Service Projects

The Executive recommendation also includes \$111.2 million from the general fund for Higher Education Research and Public Service Projects (RPSP’s), an increase of \$6.1 million, or 5.8%, over FY24. RPSP appropriations fund research in a variety of disciplines including agriculture, geology, cybersecurity, petroleum, water resources, and aerospace. RPSP appropriations also support regional and statewide services provided by colleges and universities, largely in healthcare and workforce development. Recommended RPSP general fund increases include:

- \$2.4 million increase for the six existing Centers of Excellence and the creation of a new Center of Excellence dedicated toward geothermal resource development at the New Mexico Institute of Mining and Technology. New Mexico’s Centers of Excellence were created through HB7 of 2019 to promote innovation and expand economic activity in targeted industries. The four original Centers of Excellence included cybersecurity, sustainable agriculture,

## DATA DIVE

The graph below displays the percentage of people ages 25-64 with a postsecondary credential, including a workforce-relevant certificate. Data is available through 2021.



renewable energy, and biosciences. Since then, the state has added two additional centers of excellence focused on early childhood education and social work.

- ✚ \$1.1 million increase for water and natural resource focused initiatives
- ✚ \$129 thousand increase for the Doña Ana Community College Dental Hygiene Program
- ✚ \$924 thousand increase for the University of New Mexico Cancer Center
- ✚ \$692 thousand increase for the University of New Mexico's Poison and Drug Information Center
- ✚ \$406 thousand increase for the General R.T. Knowles Legislative Scholarship to support the cost of attendance for 220 students at the New Mexico Military Institute.

### Categorical Funding

Additionally, the Executive recommendation allocates \$101.1 million in categorical recurring appropriations, separate from I&G and RPSP appropriations, reflecting an increase of \$7 million, or 7.5%, above the current year. Recommended general fund increases include:

- ✚ \$2.2 million increase for athletics programs statewide
- ✚ \$554 thousand increase for educational television to engage and connect New Mexico's diverse communities through quality programming services and expand student employment and job training activities
- ✚ \$2.6 million increase for the Department of Agriculture to support food initiative programs, software licensing, the acequia and community ditch fund, the New Mexico Agricultural Value Incentive Program and to address compensation parity within the Department
- ✚ \$471 thousand increase for New Mexico State University's Agricultural Experiment Station, the principal research unit of the College of Agricultural, Consumer and Environmental Sciences. The focus of their research is to enhance agricultural profitability, manage and protect natural resources, and improve the quality, safety and reliability of food and fiber products.
- ✚ \$424 thousand increase for New Mexico State University's Cooperative Extension Service, which provides wide-ranging educational programming for youth and adults across all 33 counties in areas such as economic and community development, human nutrition and health, agriculture, environmental stewardship, and family and child development

### Higher Education Department

The FY25 Executive recommendation allocates \$204 million in recurring general fund appropriations to the Higher Education Department, an increase of \$18.8 million, or 10.2%. The recommendation supports \$157.9 million for the Opportunity Scholarship, an increase of \$11.9 million over the current year, to provide tuition free college for 36 thousand students in FY25. The recommendation also includes a \$2.25 million increase to fund the new American Indian Education Technical Assistance Centers established through HB280 of 2023 with the goal of improving Native American student success from early childhood through higher education. Other recommended recurring general fund increases for the Department include \$500 thousand to prevent and respond to incidents of hazing on New Mexico college campuses; \$1 million for behavioral and mental health initiatives at higher education institutions; \$481 thousand for the Minority Doctoral Loan program; \$481 thousand for the Graduate Scholars Fund; and \$1.2 million for operation and maintenance of the New Mexico Longitudinal Data System.

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### NONRECURRING

**The fiscal year 2025 Executive recommendation includes \$85.7 million from the general fund and \$12 million from the State Fiscal Recovery Fund to support nineteen nonrecurring items, or 'special appropriations,' for Higher Education, to include:**

- ✚ \$15 million for the Teacher Loan Repayment Fund, which provides eligible teachers with loan repayment awards for a two-year period not to exceed six thousand dollars per year. The recommendation of \$15 million would support two-year awards for 1,250 eligible teachers and keep the fund solvent through the end of FY27, assuming the number of applicants remains in line with the three-year trend.

- ✦ \$15.1 million for the health professional loan repayment program, which provides repayment for outstanding student loans of practicing health professionals. As a condition of the program, health professionals must make a three- year service commitment to practice full-time in a designated medical shortage area in New Mexico. In FY24, 724 healthcare professionals received \$14.6 million in student debt relief.
- ✦ \$10 million to expand enrollment in nursing programs statewide
- ✦ \$4 million for the dual credit program, which provides access to academic and career and technical education (CTE) courses that deliver simultaneous credit toward high school graduation and a postsecondary degree or certificate. Institutions of higher education are not authorized to charge tuition or fees for dual credit students. In the academic year 2022–2023, 18,524 unduplicated students enrolled in a combined total of 45,823 dual credit courses.
- ✦ \$7 million for higher education institution cybersecurity enhancements



# HEALTH CARE AUTHORITY

## RECURRING

For fiscal year 2025, the Executive recommendation includes \$2.1 billion in recurring general fund for the Health Care Authority, formerly known as the Human Services Department, an increase of \$537.3 million, or 33.3%, over the current year.

|              | FY23          | FY24           | FY25 Rec       | \$ Change YOY | % Change YOY |
|--------------|---------------|----------------|----------------|---------------|--------------|
| General Fund | \$1,427,518.4 | \$1,611,088.7  | \$2,148,383.6  | \$537,294.9   | 33.2%        |
| Total Funds  | \$9,251,663.3 | \$10,530,923.1 | \$12,441,579.7 | \$1,910,656.6 | 18.1%        |

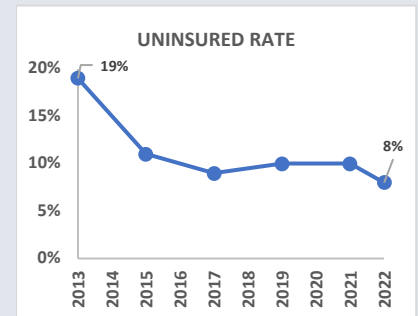
In FY25, fulfilling the statutory requirements in Senate Bill 16 from the 2023 Legislative Session, the Human Services Department (HSD) officially transforms to become the New Mexico Health Care Authority (HCA). This reimagined agency contains all the current programs and services delivered by HSD, including income supports, Medicaid, child support enforcement and behavioral health services; with the addition of the Developmental Disabilities Support Division and the Division of Health Improvement from the Department of Health and the State Health Benefits program from the General Services Department, HCA will begin to fulfill its role by using increased centralized purchasing power to oversee, coordinate and purchase health insurance for much of the state.

Accounting for the addition of these three programs to the HCA, for FY25 the Executive recommends a general fund increase of 18.2% over the adjusted base of \$1.8 billion. The increase is primarily in Medicaid services, both to ensure continuing service delivery and to expand services throughout the state. During the Public Health Emergency (PHE), states received an additional FMAP percentage increase for Medicaid, but were not permitted to disenroll anyone from the program, even if circumstances had changed and individuals would no longer qualify. March 2023 saw the end of the PHE, with HSD beginning the unwinding process. To date, the program has disenrolled approximately one hundred thousand individuals. The Executive recommendation supports the agency's estimate of a 2.4% growth rate in the Medicaid program moving forward and recommends \$68.9 million to backfill the FMAP decrease of .91, allowing for services to continue uninterrupted.

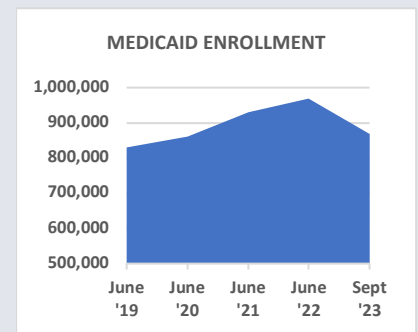
In addition to supporting costs in the base, the Executive recommends \$10.8 million in new funding to expand Medicaid services, to include \$5.8 million for doula and lactation consultants, as well as \$11.8 million to increase reimbursement rates for developmental disabilities waiver providers based on the results of a recent PCG rate study. The Executive recommendation contains \$87.9 million to continue to build on the current efforts to increase Medicaid provider rate reimbursements. This funding contains \$45.5 million to increase rates from 120% to 150% of Medicaid for behavioral health providers, primary care practitioners and maternal and child health providers, to be implemented on 1/1/25. \$27.5 million is dedicated to maintaining rate parity, benchmarking with Medicare rates at an increase of four percent, which will also begin on January 1, 2025. Additionally, \$9.6 million of the recommended increase would support an adjustment up to 100% of Medicare rates for providers in the third phase of these rate increases. The Executive recommendation also provides \$1.8 million for increased need in Medicaid

## DATA DIVE

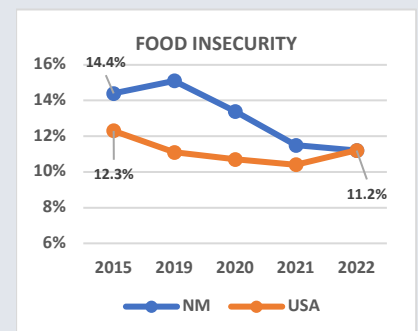
PERCENT OF NEW MEXICANS WITHOUT HEALTH INSURANCE (AGES 19-64)



NUMBER OF NEW MEXICANS ENROLLED IN MEDICAID



PERCENTAGE OF HOUSEHOLDS UNABLE TO PROVIDE ADEQUATE FOOD FOR ONE OR MORE HOUSEHOLD MEMBERS DUE TO LACK OF RESOURCES



administration contracts and supports funding for the creation of four new FTE dedicated to working with the managed care organizations (MCOs).

Other highlights in the Executive recommendation include increasing the eligibility limit for Temporary Assistance for Needy Families (TANF) benefits. New Mexico has not increased this eligibility level since the inception of TANF, and the Executive supports an increase in eligibility from eighty-five to ninety percent of the federal poverty limit (FPL) at a cost of \$11.5 million. In the base, the Executive recommends \$643 thousand to increase the Supplemental Nutrition Assistance Program (SNAP) benefit level to 200% of FPL. The Executive recommendation also includes \$21.8 million to increase SNAP benefits for seniors and those with disabilities from \$25 to \$125/month and would allow recipients to purchase hot prepared meals with the benefit. This amount also provides \$120 in summer EBT funds for qualifying families. In the Behavioral Health Services division, the Executive recommends \$1 million to expand the Linkages housing program, \$1.5 million (including \$1 million in revenue from the opioid crisis recovery fund) to expand certified community behavioral health clinics, an additional \$2 million for supportive housing for those with opioid use disorder and \$5.9 million, of which three million is from the opioid crisis recovery fund, to fund 988/Crisis Now services in the agency's base budget. The Executive also recommends increased funding for the Division of Health Improvement, including \$1.6 million in personnel, five new FTE, and \$559 thousand to provide continual contractual services for investigations of abuse, neglect, and exploitation cases. In the State Health Benefits division, the Executive recommendation contains \$1.4 million for contracts and a claims integrity audit.

Finally, the Executive recognizes the need for HCA to start its work with sufficient administrative resources. The recommendation for Program Support includes 44 new FTE (eleven transferring from DOH) and \$12 million in new funding to ensure the Division is properly staffed and has the necessary IT resources to support the agency's new programs.

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## NONRECURRING

**The fiscal year 2025 Executive recommendation includes \$135.6 million from the general fund and \$6.6 million in other funding sources to support ten nonrecurring items, or 'special appropriations,' for the Health Care Authority, to include:**

- ✚ \$2.8 million in general fund (\$5.9 million in total funds) to address one-time costs associated with the Human Services Department's transition to the Health Care Authority
- ✚ \$100 million for the Rural Healthcare Delivery fund to defray operating losses for rural regional hospitals, health clinics, providers and federally qualified health centers who are increasing access to primary care, maternal and child health and behavioral health services through new and expanded services in medically underserved areas
- ✚ \$17.2 million, including \$1.1 million in system enhancements, to provide \$75 per child for grandparents raising grandchildren
- ✚ \$5 million for continued emergency assistance to food banks
- ✚ \$2 million for the health care facility receivership fund
- ✚ \$6.7 million for continued costs associated with the supplemental nutrition assistance program's settlement agreement and reinvestment plan with the United States' department of agriculture food and nutrition services to improve the administrative efficiency of New Mexico's supplemental nutrition assistance program



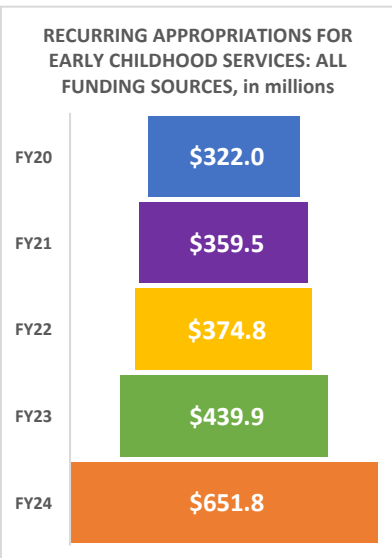
# EARLY CHILDHOOD EDUCATION AND CARE DEPARTMENT

## RECURRING

For fiscal year 2025, the Executive recommendation includes \$367 million in recurring general fund for the Early Childhood Education and Care Department, an increase of \$38.9 million, or 11.9%, over the current year.

|              | FY23        | FY24        | FY25 Rec    | \$ Change YOY | % Change YOY |
|--------------|-------------|-------------|-------------|---------------|--------------|
| General Fund | \$195,612.4 | \$328,079.7 | \$366,958.4 | \$38,878.7    | 11.9%        |
| Total Funds  | \$487,301.5 | \$761,059.0 | \$800,131.6 | \$39,072.6    | 5.1%         |

Authorized by Senate Bill 20 from the 2019 Legislative Session, the Early Childhood Education and Care Department (ECECD) began coordinating and providing early childhood services across the state on July 1, 2020. The agency oversees multiple statewide programs supporting the education and care of children, including childcare assistance; prekindergarten (school-based and community-based); early interventions, such as home visiting; and screening for the risks of developmental delays through the Family, Infant, Toddler program. ECECD also provides support and guidance for early childhood educators and professionals through classroom quality supports and educator feedback in the classroom. In addition to general fund appropriations, ECECD is also supported through numerous federal grants, earned revenues, and federal Temporary Assistance for Needy Families funding for childcare. Per statute, ECECD is also able to access funds from the Early Childhood Trust Fund (ECTF), established in the 2020 Legislative Session. Additionally, ECECD is a recipient of the Permanent School

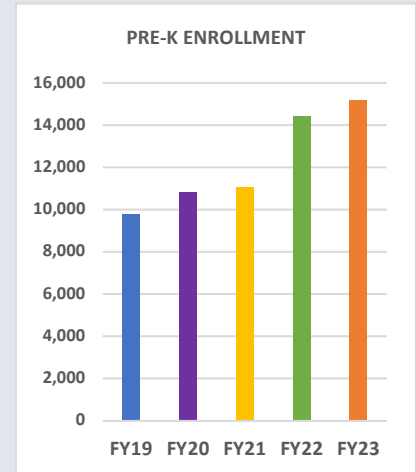


Fund distributions because of an amendment to the New Mexico Constitution, passed by seventy percent of voters in the 2022 general election.

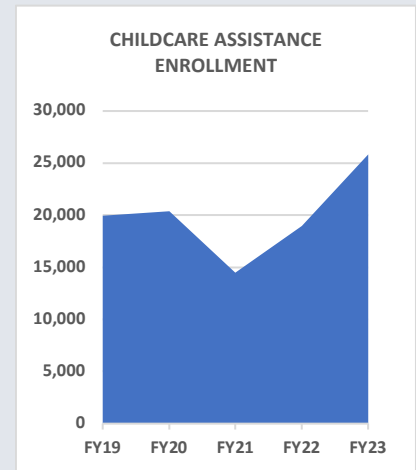
For FY25, the Executive continues to fully support the agency’s expansion of childcare eligibility and access with \$70 million in ECTF funding and \$5 million from the opioid crisis recovery fund. This funding maintains eligibility for childcare assistance at 400% of the federal poverty limit, waives parent copayments, and expands access to higher quality care for 2,000 more infants and toddlers through contracted slots to high quality providers—one of the goals presented in the agency’s five-year strategic plan. The Executive recommendation also provides nine new FTE to the childcare assistance program to support the increased supply and demand of the program. Close to a quarter, or \$10 million, of the recommended general fund increase is attributed to the implementation of a wage/career ladder for early childhood professionals, a statutory requirement of the agency. There is a significant dearth of infant and toddler childcare slots across the state, and the Executive supports dedicated funding for this initial implementation with a focus on credentialing that educator population. ECECD expects that an increase in degreed and credentialed early childhood educators will increase success in filling the childcare expansion of 2,000 infant and toddler slots.

## DATA DIVE

### STATE PREKINDERGARTEN ENROLLMENT



### CHILDCARE ASSISTANCE ENROLLMENT, MONTHLY AVERAGE



The Executive recommends \$15 million of ECTF funding to support childcare and prekindergarten educators and programming through developing and sustaining high-quality programs across the state, ensuring school readiness. This is achieved primarily through training; technical assistance, such as Practice-Based Coaching; and classroom observations. Funding also supports the redesign of the program's FOCUS tiered childcare quality rating and improvement system, as currently the system does not include sufficient quality improvement supports for programs to move up their quality level, nor does it include a normed assessment of teacher-child interactions, the most critical component to quality. Revising FOCUS will provide ECECD with the tools to help develop more high-quality participating childcare assistance programs for children across the state.

Lastly, the Executive recommendation continues to support the Governor's successful initiative to achieve universal prekindergarten for four-year-olds and for fifty percent of the state's three-year-olds. The recommendation provides \$28 million in recurring general fund appropriations and \$5 million from the ECTF to expand slots for early prekindergarten by up to 2,700. This number will allow the state to increase prekindergarten access for three-year-olds from the current rate of twenty-eight percent to between thirty-five and forty percent, and to close the remaining gap for four-year-olds in communities of need.

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#### NONRECURRING

**The fiscal year 2025 Executive recommendation includes \$12 million from the general fund to support four nonrecurring items, or 'special appropriations,' for the Early Childhood Education and Care Department.**

- ✚ \$2 million for development of, and changes to, data systems to track prekindergarten outcomes, link prekindergarten and childcare data, and improve internal fiscal controls
- ✚ \$2 million to continue to develop a coordinated intake and referral system accessible to internal and external parties linking and connecting New Mexico families to home visiting services
- ✚ \$3 million for low-interest loans, in partnership with the New Mexico finance authority, to increase infant and toddler care in the state's childcare deserts
- ✚ \$5 million for a home visiting per-child payment pilot program

# DEPARTMENT OF HEALTH

## RECURRING

For fiscal year 2025, the Executive recommendation includes \$199.3 million in recurring general fund for the Department of Health, a decrease of \$189.9 million, or 48.8%, from the current year.

|              | FY23        | FY24        | FY25 Rec    | \$ Change YOY | % Change YOY |
|--------------|-------------|-------------|-------------|---------------|--------------|
| General Fund | \$353,222.3 | \$389,197.3 | \$199,272.3 | -\$189,925.0  | -48.8%       |
| Total Funds  | \$771,816.2 | \$768,513.2 | \$533,911.1 | -\$234,602.1  | -30.5%       |

As the main public health entity serving the people of New Mexico, the Department of Health (DOH) is tasked with developing, implementing, and overseeing multiple programs promoting health and health equity statewide through five public health regions. Services and programs provided through the Public Health Division include harm reduction, chronic and infectious disease prevention, immunizations, and reproductive services. DOH also runs an Epidemiology and Response Division, which oversees the vital records program, collects and analyzes health data, and supports trauma systems and emergency medical services. The Scientific Laboratory is New Mexico’s public health, drug and environmental laboratory and is tasked with conducting testing for infectious diseases and alcohol or drugs in criminal DWI cases. The laboratory also analyzes drinking water samples for contaminants. DOH also oversees seven health care facilities across the state and runs the New Mexico medical cannabis program registry. In FY25, two Divisions currently with the agency—the Developmental Disabilities Support Division and the Division of Health Improvement (also known as the Health Certification, Licensing and Oversight Division) -- will transfer to the Health Care Authority, as directed in Senate Bill 16 of the 2023 Legislative Session. This will result in a reduction of \$204 million from the general fund and approximately 400 FTE for DOH.

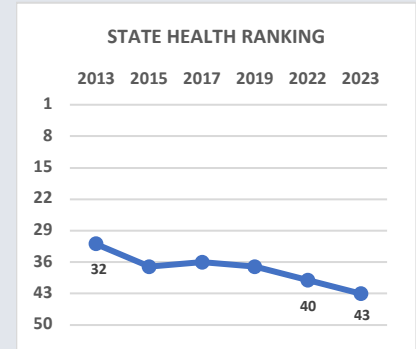
For FY25, after the transfer of the two Divisions to the Health Care Authority, the Executive recommends a general fund increase of \$14.1 million, or 7.6%, over the adjusted base budget of \$185.2 million. The recommendation supports the agency’s commitment to increased and sustained recruitment and retention with \$9.8 million designated for increased staffing, appropriate placement efforts, and vacancy rate reductions across the agency. The Executive supports the agency’s budget-neutral request to relocate the Injury and Behavioral Epidemiology Bureau from its current location in the Epidemiology and Response Division to the Public Health Division. The recommendation also allocates \$500 thousand to increase access to fresh fruits and vegetables for seniors, and \$691 thousand to staff mobile outreach teams, which identify and provide clinical supports for at-risk populations, such as those with a history of incarceration, substance use disorder, or who are unhoused or experiencing unstable housing. For FY25, the Executive also provides a \$1.2 million general fund increase to expand clinical services, including medication-assisted treatment, to one additional public health office.

## NONRECURRING

The fiscal year 2025 Executive recommendation includes \$6 million from the general fund to support seven nonrecurring items, or ‘special appropriations,’ for the Department of Health, to include:

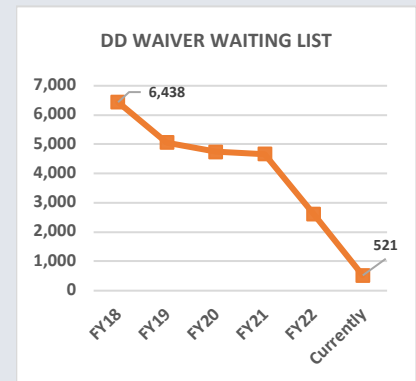
## DATA DIVE

### STATE HEALTH RANKING



The United Health Foundation establishes an annual comprehensive state health ranking. Their methodology includes 83 measures related to health care access and health outcomes, but also considers numerous social, economic, and environmental indicators to reflect the growing understanding of the impact of social determinants on health.

### NUMBER OF INDIVIDUALS ON THE DEVELOPMENTAL DISABILITIES WAIVER WAITING LIST



- ✦ \$2.1 million to support the New Mexico Rehabilitation Center's efforts to achieve accreditation through the adult accredited residential treatment center program for substance abuse.
- ✦ \$2 million for operational costs at the New Mexico Veterans' Home
- ✦ \$500.0 to study uranium tailings at a site near Gallup
- ✦ \$500.0 for access to fresh fruits and vegetables for seniors
- ✦ \$500.0 to contract with clinicians who can diagnose stage and treat syphilis to prevent congenital syphilis among infants.

### Discussion of Supplemental and Deficiency Recommendations

The Facilities Management Division continues to operate and oversee seven facilities throughout the state: New Mexico Behavioral Health Institute in Las Vegas, the Veterans' Home in Truth or Consequences, Fort Bayard Medical Center in Silver City, Sequoyah Adolescent Treatment Center, and Turquoise Lodge (medical detox services) in Albuquerque, Los Lunas Community Program in Los Lunas and the New Mexico Rehabilitation Center in Roswell. A continuous challenge for the agency is staffing the facilities, especially in more rural locations in the state. To ensure adequate staffing, the Division often needs to use outside staffing services to meet the needs of the facilities' patients. This drives costs up significantly as outside staffing agencies often charge at least one and one-half times what it would cost to pay one FTE. The facilities must also adhere to staffing ratios, making it difficult to increase census numbers unless more staff is hired or contracted. The facilities receive general fund, but also rely on other state funds, primarily revenue from patient billing. The fewer patients in each facility, the lower the amount DOH can bill for and receive. The agency is taking steps to increase census counts, recruit and retain staff, and put more strict internal controls in place to prevent spending vacant budget authority, so these issues should be mitigated in future years.

# CHILDREN, YOUTH AND FAMILIES DEPARTMENT

## RECURRING

For fiscal year 2025, the Executive recommendation includes \$279.6 million in recurring general fund for the Children, Youth and Families Department, an increase of \$24.8 million, or 9.7%, over the current year.

|              | FY23        | FY24        | FY25 Rec    | \$ Change YOY | % Change YOY |
|--------------|-------------|-------------|-------------|---------------|--------------|
| General Fund | \$239,901.7 | \$254,840.0 | \$279,612.4 | \$24,772.4    | 9.7%         |
| Total Funds  | \$346,520.6 | \$384,415.7 | \$412,826.8 | \$28,312.1    | 7.4%         |

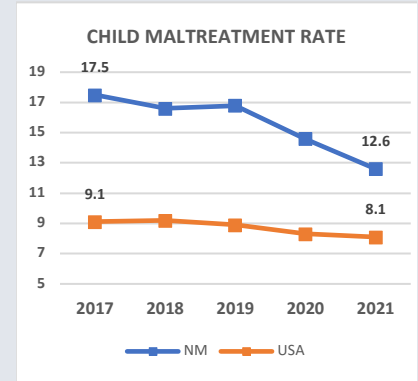
The New Mexico Children, Youth and Families Department (CYFD) oversees and administers multiple programs serving children and their families and caregivers. The core function of Juvenile Justice Services (JJS) is to keep New Mexico’s children safe and prepare them to be contributing members of society by providing treatment and rehabilitative services tailored to their and their family’s needs. The Protective Services Division (PSD) serves as a public safety entity by providing prevention and intervention services to at-risk families to provide protection and mitigate safety threats for children while enhancing families’ capacities to safely care for their members. Additionally, CYFD’s Behavioral Health Services Division (BHSD) is the behavioral health authority for all children in New Mexico and the lead on children’s behavioral health policy, in collaboration with other health-focused state agencies. BHS staff provide technical assistance and consultation with providers and other CYFD colleagues serving children and youth who are at-risk of CYFD custody, involved with CYFD, post-CYFD involvement and who have never been involved with the agency.

For FY25, the Executive supports the creation of a new Family Services Division designed to consolidate and house all programs relating to preventive services, including in-home services, community-based prevention, intervention, and reunification (CBPIR), Comprehensive Addiction and Recovery Act (CARA) and family outreach, which includes differential response. Current programs will be transferred from PSD and JJS. The FY25 Executive recommendation for this new division totals \$51.2 million and includes \$24.7 million in general fund, with \$19.6 million in transferred base funding, eighty FTE transferred from PSD and JJS, and ten new FTE to support the enhanced programs. The reorganization is in response to Executive Order 2023-20, *Transforming Services for Children, Youth and Families and the Children, Youth and Families Department*, directing leadership to undertake transformational change at the agency. The Executive recommends an increase of \$3.4 million in general fund to this new program to expand CARA services to hundreds of families, expand family outreach, also known as differential response, to up to 1800 families statewide and bolster current CBPIR services to include assistance for grandparents raising grandchildren, support services for incarcerated parents returning to the home, parents of older youth needing support, as well as additional parenting support needs identified by community providers. CYFD expects these enhanced CBPIR services to support approximately 2100 families statewide.

Other increases in the Executive recommendation include \$3.3 million for 37 FTE transferred into Program Support from other Divisions to support CYFD’s agency

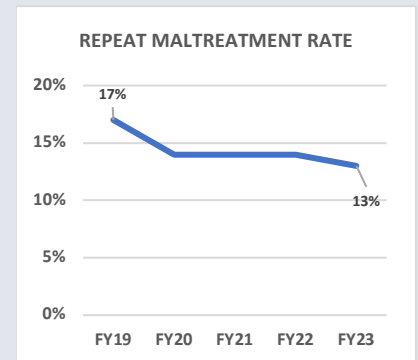
## DATA DIVE

### CHILD MALTREATMENT RATE PER 1,000 CHILDREN

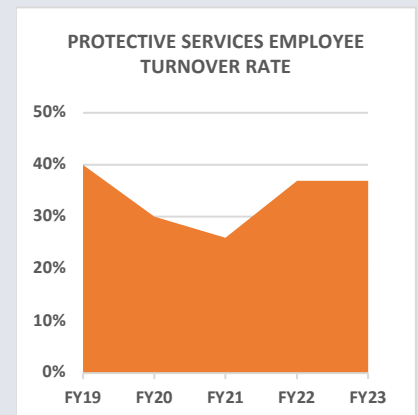


\*DATA from the U.S Administration for Children and Families only available through 2021

### PERCENT OF CHILDREN WHO EXPERIENCED REPEAT MALTREATMENT WITHIN TWELVE MONTHS OF AN INITIAL SUBSTANTIATED MALTREATMENT INCIDENT



### ANNUAL TURNOVER RATE FOR PROTECTIVE SERVICES WORKERS



reorganization and \$1.7 million and ten additional FTE to support filling new and existing positions in the new Family Services division. In Protective Services, the Executive supports the transfer of 69 FTE to the new Family Services Division and provides \$2.6 million in the personal services and employee benefits category to reduce the vacancy rate. The Executive also recommends an additional \$3 million for placement and adoptions and \$6.6 million for the Fostering Connections program, which provides resources to young adults aging out of foster care including guaranteed housing, community-based behavioral health supports, access to food and job assistance, and funding to assist with higher education expenses.

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#### NONRECURRING

**The fiscal year 2025 Executive recommendation includes \$5 million from the general fund to support one nonrecurring item, or ‘special appropriation,’ for the Children, Youth and Families Department.**

✚ \$5 million for the Children’s Trust Fund

# AGING AND LONG-TERM SERVICES DEPARTMENT

## RECURRING

**For fiscal year 2025, the Executive recommendation includes \$74.4 million in recurring general fund for the Aging and Long-Term Services Department, an increase of \$9 million, or 13.8%, over the current year.**

|              | FY23       | FY24       | FY25 Rec   | \$ Change YOY | % Change YOY |
|--------------|------------|------------|------------|---------------|--------------|
| General Fund | \$52,631.0 | \$65,372.5 | \$74,381.0 | \$9,008.5     | 13.8%        |
| Total Funds  | \$74,779.7 | \$89,402.7 | \$97,064.0 | \$7,661.3     | 8.6%         |

The Aging and Long-Term Services Department provides a wide range of services to older adults and adults with disabilities to assist them in maintaining their independence, dignity, autonomy, health, safety, and economic well-being. The \$9 million general fund increase in the FY25 Executive recommendation for the Aging and Long-Term Services Department (ALTSD) is mainly applied to the Area Agencies on Aging (AAAs) and Adult Protective Services programs, which provide direct services to New Mexico’s aging population. The AAAs are private, nonprofit planning agencies, each guided by its own Board of Directors and Advisory Council that oversee and fund senior services including social supports, nutritional meals, disease prevention and health promotion, family caregiver support, and adult day care. These planning agencies have historically been housed within the Aging Network Division. The recommendation establishes the Area Agencies on Aging as a separate program and provides an increase of \$4 million to reduce gaps in service areas, increase service output, and increase staff salaries to a minimum of \$15 dollars an hour. Separating the AAAs from the Aging Network Division will allow for greater transparency on funding sources and uses and greater accountability for the AAA providers. The recommendation also includes a \$2 million increase in Adult Protective Services to expand the New MexiCare coverage area. New MexiCare is a relatively new program, entering its second year in fiscal year 2025, that provides stipends to individuals and their caregivers who do not otherwise qualify for paid caregiver services through Medicaid or Medicare. Additionally, the Executive recommendation supports a \$1 million increase in the Aging Network Division for NM Grown, and a \$948.3 thousand increase to fund several unfunded ombudsmen FTE and fully fund all existing FTE in Program Support and the Consumer and Elder Rights Division.

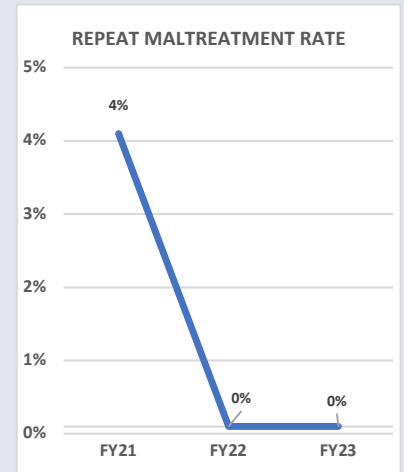
## NONRECURRING

**The fiscal year 2025 Executive recommendation includes \$7.1 million from the general fund to support four nonrecurring items, or ‘special appropriations,’ for the Aging and Long-Term Services Department.**

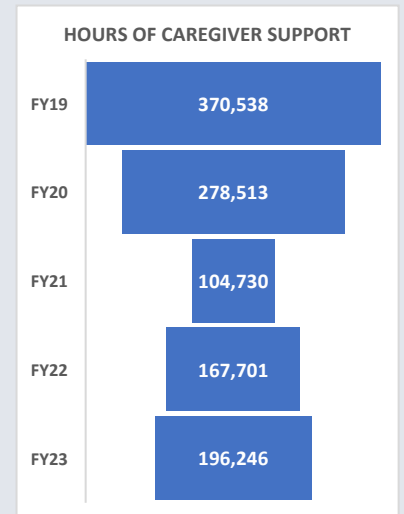
- ✚ \$5 million to the Kiki Saavedra Senior Dignity Fund for high-priority services for senior citizens in New Mexico, including transportation, food insecurity, physical and behavioral health, case management and caregiving
- ✚ \$1 million for marketing and educational outreach to connect the aging population and their caregivers to available resources
- ✚ \$600 thousand for emergencies, disaster preparedness, and urgent supplemental programmatic needs and planning that result in serving seniors
- ✚ \$500 thousand to enhance technological advances in the agency’s services ecosystem across the state

### DATA DIVE

**PERCENT OF REPEAT ABUSE, NEGLECT OR EXPLOITATION CASES WITHIN SIX MONTHS OF A SUBSTANTIATED ALLEGATION**



**NUMBER OF HOURS OF CAREGIVER SUPPORT PROVIDED THROUGH THE AGING NETWORK**





# DEPARTMENT OF WORKFORCE SOLUTIONS

## RECURRING

For fiscal year 2025, the Executive recommendation includes \$17.3 million in recurring general fund for the Department of Workforce Solutions (DWS), an increase of \$6.1 million, or 54.7%, over the current year.

|              | FY23        | FY24        | FY25 Rec    | \$ Change YOY | % Change YOY |
|--------------|-------------|-------------|-------------|---------------|--------------|
| General Fund | \$10,482.1  | \$11,166.1  | \$17,276.9  | \$6,110.8     | 54.7%        |
| Total Funds  | \$121,658.1 | \$125,503.8 | \$125,278.7 | -\$225.1      | -0.2%        |

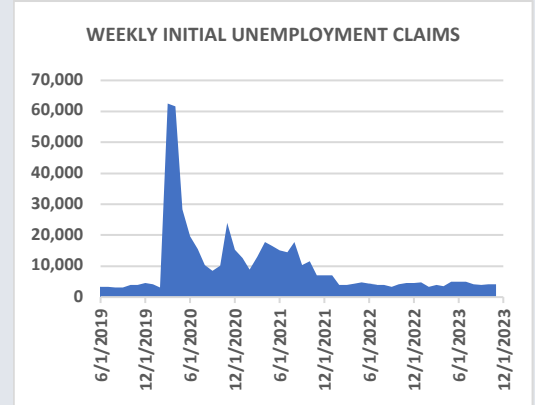
The Department of Workforce Solutions (DWS) was created to establish a single, unified Department to administer all laws and exercise all functions related to workforce development and labor regulation. DWS activities include administering the state's Unemployment Insurance program and Temporary Assistance for Needy Families (TANF) program; monitoring and enforcing employer compliance with labor laws and regulations, such as the Minimum Wage Act, Employment of Children Act, Human Rights Act, and the new Healthy Workplaces Act; connecting employers and jobseekers; and providing access to job training and other educational opportunities to advance long-term career prospects and improve the alignment between the skillset of the New Mexico workforce and industry needs.

In November of 2023, the First Judicial District ruled that DWS's Labor Relations Division, the entity responsible for investigating allegations of labor law violations, must issue at least 85% of decisions within 120 days of receipt. Thus, the Executive recommendation includes a \$1.9 million general fund increase to support the Labor Relations Division with 15 new state investigators, 3 management analysts and contract support staff to improve the timeliness of investigations and determinations regarding allegations of labor law violations by employers across New Mexico. Additionally, the recommendation provides a \$100 thousand general fund increase to maintain federal compliance with the wage and hour unemployment database.

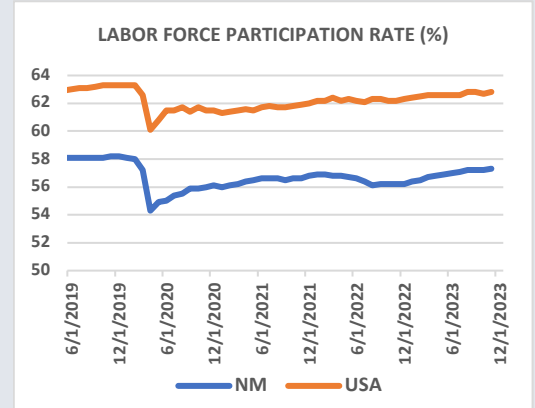
The Executive recommendation also includes a general fund increase of \$1.3 million for the High School Career Counselors program and \$1.2 million for the Pre-Apprenticeship program. Both programs were established using nonrecurring federal ARPA State Fiscal Recovery Funds appropriated to the Department in 2022, so the recommendation allocates general fund for the continuation of these programs into FY25. Lastly, the Executive recommendation supports a general fund increase of \$1.6 million for the Be Pro Be Proud virtual reality apprenticeship program, which provides job training in the skilled trades industry.

## DATA DIVE

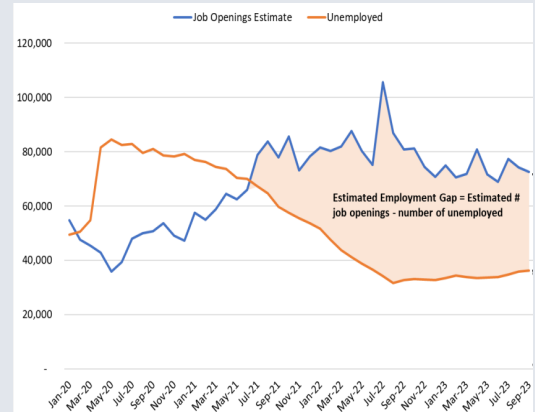
NUMBER OF NEW WEEKLY JOBLESS CLAIMS FILED BY NEW MEXICO WORKERS SEEKING UNEMPLOYMENT COMPENSATION



PERCENT OF THE WORKING AGED POPULATION EMPLOYED OR ACTIVELY SEEKING EMPLOYMENT



ESTIMATED EMPLOYMENT GAP: JOB OPENINGS VS. NUMBER OF UNEMPLOYED INDIVIDUALS





# INDIAN AFFAIRS DEPARTMENT

## RECURRING

For fiscal year 2025, the Executive recommendation includes \$5.1 million in recurring general fund appropriations for the Indian Affairs Department, an increase of \$514 thousand, or 11.2%, over the current year.

|              | FY23      | FY24      | FY25 Rec  | \$ Change YOY | % Change YOY |
|--------------|-----------|-----------|-----------|---------------|--------------|
| General Fund | \$4,262.5 | \$4,598.6 | \$5,112.7 | \$514.1       | 11.2%        |
| Total Funds  | \$4,511.8 | \$4,847.9 | \$5,362.0 | \$514.1       | 10.6%        |

The Indian Affairs Department (IAD), the first Cabinet level Indian Affairs Department in the country, was created by statute in 2004. The mission of the Indian Affairs Department (IAD) is to lead and improve the quality of life for all New Mexico Native American citizens by affecting policy that strengthens Tribal-state relations and supports Tribes with access to resources, technical assistance, and funding opportunities. The agency's primary areas of focus in support of Tribal-state relations include infrastructure, behavioral health, renewable energy, natural resources, water, and education.

The FY25 Executive recommendation includes an increase of \$514.1 thousand from the general fund to support one new financial coordinator position for the Administrative Services Division and for modest increases across a variety of expenditure accounts for day-to-day operating activities such as travel, advertising, and supplies. The general fund increase also delivers three new positions focused on Missing and Murdered Indigenous Women and Relatives (MMIWR). In 2019, Governor Michelle Lujan Grisham established the Missing and Murdered Indigenous Women Task Force through House Bill 278. The 2019 legislation set the foundation for the first phase of this work, calling on the task force to complete a comprehensive review and analysis of the issue and to outline solutions and next steps. The additional funding in the recommendation will be utilized to continue the work surrounding MMIWR and to implement the MMIWR State Response Plan in collaboration with other state agencies.

### ISSUE FOCUS

#### INDIAN WATER RIGHTS SETTLEMENTS

Indian water rights settlements are a means of resolving ongoing disputes related to Indian water rights among Tribes, federal and state governments, and other parties. Since 1990, the federal Department of the Interior's policy has been that Indian water rights should be resolved through negotiated settlements rather than litigation. Settlements often end decades of controversy and contention among Tribes and neighboring communities. Many of the projects supported in settlement agreements bring clean and potable water to Tribal communities, while other projects repair crumbling irrigation and water delivery infrastructure on which Tribal economies depend.

The Executive recommends a special appropriation of \$35 million from the general fund into the Indian Water Rights Settlement Fund. This funding will serve three purposes: First, it will help ensure that Congress knows New Mexico's level of commitment as they consider authorizing new settlements and can begin meeting its funding obligations. Second, a significant appropriation in fiscal year 2025 will send a strong signal to the settlement parties that the state is serious about implementing the new settlements, which will also allow them to advocate effectively in Congress to spur necessary federal authorization. Third, it will help ensure that New Mexico can fund its obligations on the timetables set forth in the settlements.

# DEPARTMENT OF VETERANS SERVICES

## RECURRING

For FY25, the Executive recommendation includes \$9.6 million in recurring general fund for the Department, an increase of \$2.4 million, or 33.2%, over the current year.

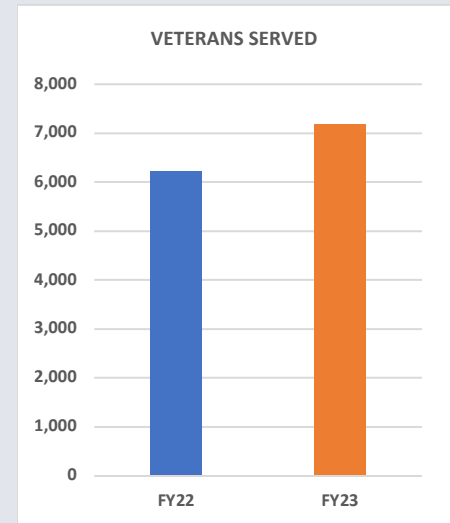
|              | FY23      | FY24      | FY25 Rec   | \$ Change YOY | % Change YOY |
|--------------|-----------|-----------|------------|---------------|--------------|
| General Fund | \$6,150.1 | \$7,178.0 | \$9,558.5  | \$2,380.5     | 33.2%        |
| Total Funds  | \$7,184.1 | \$8,336.4 | \$10,757.4 | \$2,421.0     | 29.0%        |

The \$2.4 million general fund increase in the FY25 Executive recommendation for the Department of Veterans Services (DVS) is mainly applied to supporting FTE. The recommendation includes a general fund increase of \$748.2 thousand for ten new Veteran Service Officers (VSOs) and \$286 thousand to fully fund existing positions to assist veterans throughout the state in applying for and obtaining the benefits to which they are entitled. The recommendation also includes an increase of \$744 thousand for travel, outreach, support for the Veterans' Advisory Council, and implementation of the new VSO certification process. The certification process for new VSOs takes roughly two years for individuals to complete, requiring trainings through both the U.S. Department of Veterans' Affairs as well as DVS.

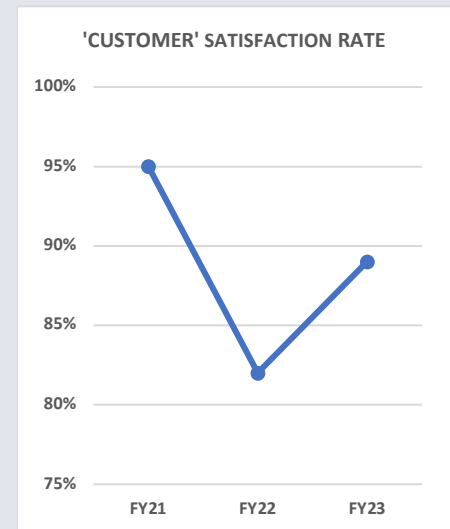
Also included in the recommendation is a \$600 thousand general fund increase for suicide prevention, addressing veteran homelessness, veteran transportation, and burial equity initiatives. DVS participates in the *Governor's Challenge to Prevent Suicide among SMVF* (service members, veterans, and their families), a national program that is currently funded and executed with the agency's general fund. The agency's goal is to continue building, strengthening, and increasing partnerships among behavioral health providers, the New Mexico *Governor's Challenge* partners, veteran service organizations, faith-based communities, and others to reduce the incidence of suicide among the state's veteran population. In its efforts to address veteran homelessness, DVS participates in outreach events; Veteran Stand Down events, which provide resources, education, personal care items, clothing, and blankets to veterans; and various service-provider partnerships to ensure homeless veterans are connected with federal and state benefits, healthcare, and services to assist them in obtaining housing. As of March 2022, Section 102 (c) of the Burial Equity for Guards and Reserves Act allows states to bury guardsmen and reservists who meet state requirements but not federal requirements for burial in federally funded state veterans' cemeteries without the consequence of losing federal funding for the cemetery. Subsequently, DVS is responsible for the associated costs and maintaining the strict standards when state-qualified individuals are buried or interred in federally funded state veterans' cemeteries. This additional funding will enable the agency to extend these funerary honors to New Mexico National Guardsmen and Reservists.

## DATA DIVE

NUMBER OF VETERANS AND FAMILIES OF VETERANS SERVED BY VETERANS' SERVICES DEPARTMENT FIELD OFFICES



PERCENT OF VETERANS SURVEYED WHO RATE THE SERVICES PROVIDED BY THE AGENCY AS SATISFACTORY OR ABOVE



# ECONOMIC DEVELOPMENT DEPARTMENT

## RECURRING

For fiscal year 2025, the Executive recommendation includes \$21.6 million in recurring general fund for the Economic Development Department (EDD), an increase of \$1.7 million, or 8.7%, over the current year.

|              | FY23       | FY24       | FY25 Rec   | \$ Change YOY | % Change YOY |
|--------------|------------|------------|------------|---------------|--------------|
| General Fund | \$17,445.2 | \$19,875.3 | \$21,595.0 | \$1,719.7     | 8.7%         |
| Total Funds  | \$17,645.2 | \$20,089.1 | \$23,683.8 | \$1,875.0     | 17.9%        |

The primary role of the EDD is to lead a coordinated effort to promote economic development and diversification in New Mexico and serve as a comprehensive source of information and assistance for business recruitment, expansion, and retention. Under the current administration, the department’s target industries are aerospace, film and television, technology manufacturing, outdoor recreation, sustainable and green energy, biosciences, agriculture, cybersecurity, and global trade.

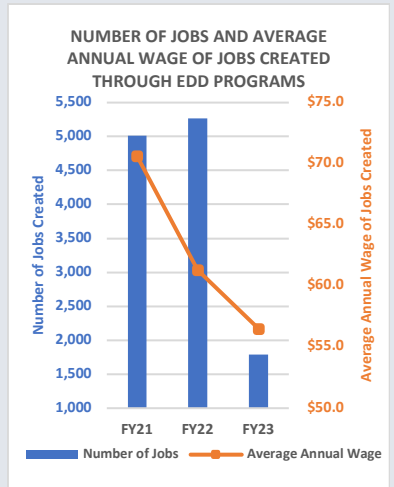
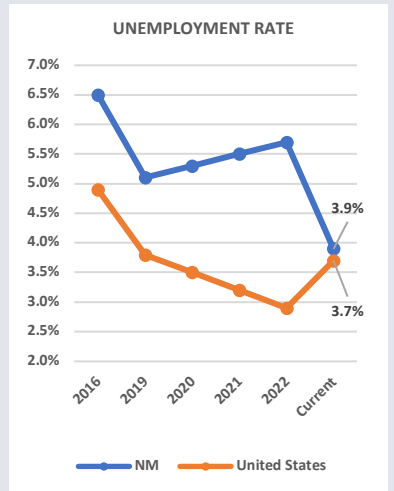
The FY25 Executive recommendation includes a general fund increase of \$646.1 thousand to establish a recurring budget for the new Creative Industries Division. The Creative Industries Division, created through House Bill 8 of 2023, is charged with increasing and promoting creative-industry-based economic development, which includes, but is not limited to, performing arts, museum and gallery professions, digital media, and crafts and artisan professions. The recommendation of \$646.1 thousand includes \$146.1 thousand for one position to direct the division and \$500 thousand to provide grants to eligible enterprises, promoting the growth of creative industries in New Mexico. Next, the recommendation includes a general fund increase of \$566 thousand to reduce the unfunded vacancy rate from 16% to 8%, allowing the agency to fill approximately five existing positions that are currently unfunded. The recommendation also supports a general fund increase of \$300 thousand in contractual dollars for management and operation of the new Media Academy as well as \$104.3 thousand for one additional position in the film division for program organization and coordination with the Media Academy. The Film Division currently does not have a staff member dedicated solely to these activities. Finally, the recommendation also includes nearly \$1.9 million from the new Land of Enchantment Legacy Fund distribution. Per statute, 25% of this distribution will go to the Outdoor Equity Grant Program, which funds outdoor recreation programs for low-income youth. The remaining 75% is dedicated toward outdoor recreation infrastructure and other projects promoting outdoor recreation.

## NONRECURRING

The fiscal year 2025 Executive recommendation includes \$56.5 million from the general fund to support seven nonrecurring items, or ‘special appropriations,’ for EDD, to include:

- \$25 million for the Local Economic Development Act Program (LEDA), which provides grants for land, buildings or infrastructure to eligible businesses that are expanding in, or relocating to, New Mexico

## DATA DIVE



- ✦ \$3 million, in addition to \$6.7 million recurring, for the Job Training Incentive Program (JTIP), which funds classroom and on-the-job training for newly created jobs resulting from business expansion in, or relocation to, New Mexico for up to 6 months. The program reimburses 50-90% of employee wages.
- ✦ \$20 million to serve as matching funds for up to \$160 million in federal funds over the next ten years contingent on an award through the U.S. National Science Foundation's (NSF) Regional Innovation Engines competition. The New Mexico Space Valley Coalition is one of sixteen finalists. Receipt of this award would expand the state's space technology and commercialization industry.

# TOURISM DEPARTMENT

## RECURRING

**For fiscal year 2025, the Executive recommendation includes \$26.3 million in recurring general fund for the Tourism Department, an increase of \$1.9 million, or 7.6%, over the current year.**

|              | FY23 Actuals | FY24 OpBud | FY25 Rec   | \$ Change YOY | % Change YOY |
|--------------|--------------|------------|------------|---------------|--------------|
| General Fund | \$20,013.4   | \$24,429.4 | \$26,289.1 | \$1,859.7     | 7.6%         |
| Total Funds  | \$24,732.7   | \$29,745.5 | \$31,074.9 | \$1,329.4     | 4.5%         |

The primary role of the Tourism Department is to lead a coordinated effort to promote and grow the tourism industry in New Mexico and serve as a comprehensive source of information and assistance for tourism-related business recruitment, expansion, and retention.

The FY25 Executive recommendation includes a general fund increase of \$1 million for the Department’s Cooperative Marketing and Advertising Program and Event Growth and Sustainability Program, which provide grants to local governments, Tribal governments, and tourism-related nonprofits to attract visitors to their destinations and events. The recommended amount will increase the recurring general fund budget for these programs from \$2.75 million to \$3.75 million. Next, the recommendation supports a \$494.5 thousand general fund increase for the travel trade program, which promotes New Mexico as a tourism destination in international markets. This program is currently federally funded but will require state funds to continue in FY25. The FY25 Executive recommendation also includes a general fund increase of \$365.2 thousand to reduce the unfunded vacancy rate from 9% to 2.4%, allowing the agency to fill approximately four existing positions that are currently unfunded.

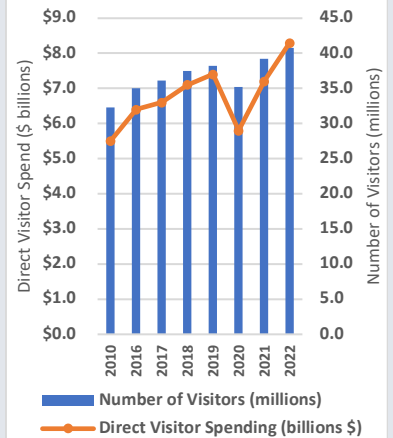
## NONRECURRING

**The fiscal year 2025 Executive recommendation includes \$22.5 million from the general fund to support four nonrecurring items, or ‘special appropriations,’ for the Tourism Department.**

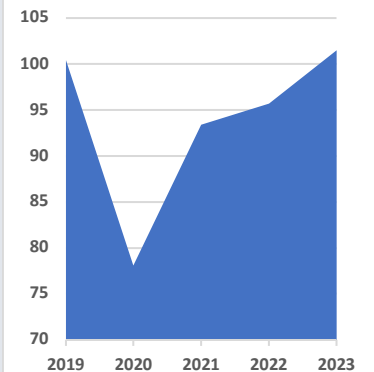
- ✚ \$15 million national marketing and advertising, matching the amount the department received for this purpose in FY24
- ✚ \$3 million for local and regional tourism development to include grants to local and Tribal governments for tourism-related infrastructure projects
- ✚ \$2.5 million for Route 66 related tourism projects in preparation for the Route 66 Centennial
- ✚ \$2 million for centralized state agency marketing campaigns through the new Marketing Excellence Bureau

## DATA DIVE

**TOURISM BY THE NUMBERS**



**NEW MEXICO LEISURE AND HOSPITALITY EMPLOYMENT, IN THOUSANDS**



# DEPARTMENT OF CULTURAL AFFAIRS

## RECURRING

For fiscal year 2025, the Executive recommendation includes \$44.7 million in recurring general fund for the Department of Cultural Affairs, an increase of \$3.3 million, or 8%, over the current year.

|              | FY23       | FY24       | FY25 Rec   | \$ Change YOY | % Change YOY |
|--------------|------------|------------|------------|---------------|--------------|
| General Fund | \$37,967.8 | \$41,434.1 | \$44,748.4 | \$3,314.3     | 8.0%         |
| Total Funds  | \$48,203.0 | \$52,812.9 | \$57,845.5 | \$5,032.6     | 9.5%         |



**TAYLOR-MESILLA**  
HISTORIC PROPERTY

The Department of Cultural Affairs (DCA) continues to expand upon its core mission of preserving and sharing New Mexico’s rich cultural heritage with the world, and the fiscal year 2025 Executive recommendation supports this. Notably, attendance at DCA’s state museums and historic sites has nearly rebounded from the lows of the coronavirus pandemic, increasing to 735 thousand in fiscal year 2023 from 612 thousand in 2022. Further, revenue generated from ticket sales, rentals and other activity more than doubled in the past year, from \$1.7 million in FY22 to \$3.8 million in FY23, though it is still slightly below some pre-pandemic years. Fiscal year 2024 began with the opening of the Vladem Annex of the New Mexico Museum of Art and planning for the full opening of a new historic site. The \$3.1 million general fund increase to DCA’s budget is mainly applied to the Museums and Historic Sites Program. The recommendation includes \$520.0 and 7 FTE to establish Taylor Historic Site in Mesilla as required after the passing of J. Paul Taylor. This number of new FTE is required due to the unique nature of the site, which will require fully guided tours as well as a visitor center. Establishing this site is a fitting tribute to the legacy of the long-serving “conscience of the Legislature.” The recommendation also includes \$400 thousand to improve landscaping and grounds maintenance at DCA facilities, \$370 thousand and 3 new FTE to expand the mission of the Office of Archaeological Studies and address work backlogs, and \$100 thousand to fund a continuing education coordinator at the State Library who will provide library education services for librarians across New Mexico. The recommendation establishes the Music Commission as a separate program and provides increases of \$40 thousand to fully support the Commission’s one FTE and \$50 thousand for expanded outreach and events.

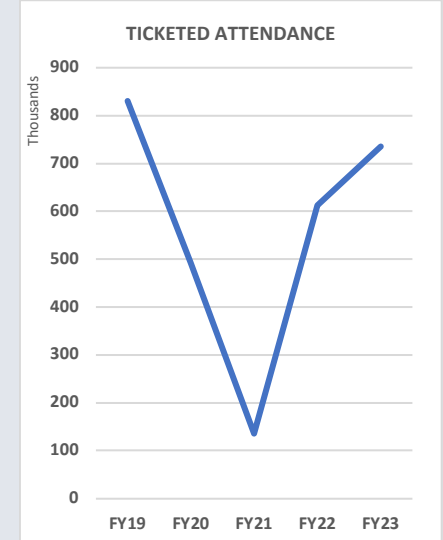
## NONRECURRING

The fiscal year 2025 Executive recommendation includes \$10.8 million from the general fund to support four nonrecurring items, or ‘special appropriations,’ for the Cultural Affairs Department, to include:

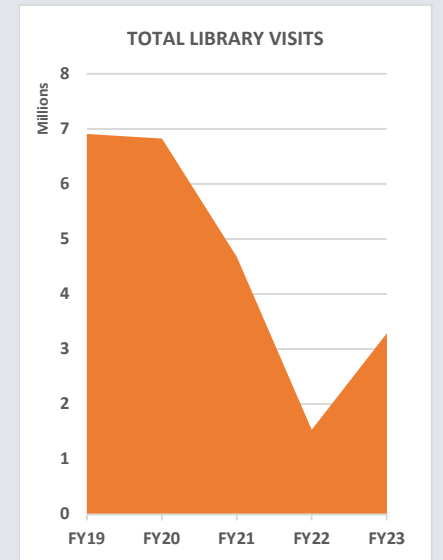
- ✦ \$10 million transfer to the Rural Library Endowment Fund, which provides annual distributions to support the preservation, development and establishment of rural libraries throughout the state
- ✦ \$300 thousand for economic development at Los Luceros Historic Site
- ✦ \$300 thousand for enhancing collection databases at Museums and Historic Sites

## DATA DIVE

TICKETED ATTENDANCE TO MUSEUM AND HISTORIC SITE EXHIBITIONS, PERFORMANCES, AND OTHER PRESENTING PROGRAMS



ANNUAL NUMBER OF VISITS TO NEW MEXICO PUBLIC AND TRIBAL LIBRARIES





# ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

## RECURRING

For fiscal year 2025, the Executive recommendation includes \$43.2 million in recurring general fund for the Department of Energy, Minerals and Natural Resources, an increase of \$7.8 million, or 22%, over the current year.

|              | FY23       | FY24        | FY25 Rec    | \$ Change YOY | % Change YOY |
|--------------|------------|-------------|-------------|---------------|--------------|
| General Fund | \$29,358.5 | \$35,439.6  | \$43,226.2  | \$7,786.6     | 22.0%        |
| Total Funds  | \$80,406.1 | \$152,253.9 | \$190,639.4 | \$38,385.5    | 25.2%        |

The Executive recommendation for the Department of Energy, Minerals and Natural Resources (EMNRD) reflects continued support of essential operations at the agency with targeted areas of growth related to issues such as climate change and land conservation. The recommendation includes a general fund increase of approximately \$1 million to support salaries and benefits for wildland firefighters and a \$3 million increase in personal services and employee benefits for state parks employees, including sufficient funding to hire more law enforcement-certified park rangers. The recommendation also includes a \$537.4 thousand general fund increase in addition to \$2.5 million in other funding sources for the Energy Conservation and Management Division for climate risk mapping and energy efficiency contracts. A \$665 thousand general fund increase is included for improvements to docks, piers, parking lots, and other facilities at state parks to modernize them, bring them into ADA compliance, and attract more visitors to these valuable resources. A general fund increase of \$1.2 million in the Oil Conservation Division supports 5 new FTE for increased compliance and inspection efforts and associated costs, while an additional \$1.2 million in general fund to the Mining and Minerals Division will ensure the program can continue to carry out its duties related to the Coal and Mining Act in the face of decreased federal funding. The Executive recommendation also supports 2 new FTE for a climate tax credit program.

## NONRECURRING

The fiscal year 2025 Executive recommendation includes \$22.8 million from the general fund to support six nonrecurring items, or ‘special appropriations,’ for the Department of Energy, Minerals and Natural Resources, to include:

- ✚ \$20 million for the administration and operation of programs making low interest loans, primarily in underserved and low-income communities, to facilitate the adoption of technologies such as wind, solar, weatherization, and geothermal energy that are intended to reduce carbon emissions
- ✚ \$1.7 million for matching funds for federal Infrastructure Investment and Jobs Act funding
- ✚ \$500 thousand to support the development of the electric vehicle tax credit program

## ISSUE FOCUS: Forest Protection



Hermits Peak/Calf Canyon Fire in April 2022

Historic forest fires have devastated New Mexico’s treasured forests in recent years. The 2022 Hermits Peak/Calf Canyon fire alone burned 341 thousand acres and destroyed at least 900 structures in San Miguel, Taos and Mora counties. The Legislature and Executive responded to this disaster with the enactment and implementation of Senate Bill 6 in 2023, which awarded \$100 million in low interest loans to affected communities to ultimately be reimbursed by the federal government. The Executive recommendation for fiscal year 2025 implements a cross-agency approach to both enhance response capability to past and future forest fires but also plan for future impacts to New Mexico’s forests due to climate change. In addition to a \$1.2 million general fund increase, the recommendation for EMNRD’s Forestry Division also includes \$17 million in federal funds for public outreach and support for forest and watershed management and \$3 million in federal funds for strategic planning contracts for climate change responses. The Executive capital framework includes \$10 million for forest fire Hotshot crew facilities, \$5 million for other state forestry infrastructure, and \$10 million for watershed restoration.

Further, the Executive recommendation includes \$30 million in the capital framework to establish the Reforestation Center through New Mexico State University (NMSU) as well as a \$3.5 million special appropriation for operation and management of the center, which will provide invaluable long-term recovery from these devastating fires. This funding represents the next stage of development for the center after it received \$8.5 million for land acquisition and infrastructure design in the 2023 General Appropriations Act. The center is being developed collaboratively among EMNRD, NMSU, New Mexico Highlands University, and the University of New Mexico and will eventually have the capability to produce up to 5 million tree seedlings per year with an estimated total economic impact of \$100 million.

# OFFICE OF THE STATE ENGINEER

## RECURRING

**For fiscal year 2025, the Executive recommendation includes \$33.4 million in recurring general fund for the Office of the State Engineer, an increase of \$2.8 million, or 9.0%, over the current year.**

|              | FY23       | FY24       | FY25 Rec   | \$ Change YOY | % Change YOY |
|--------------|------------|------------|------------|---------------|--------------|
| General Fund | \$26,959.7 | \$30,665.4 | \$33,435.0 | \$2,769.6     | 9.0%         |
| Total Funds  | \$43,093.8 | \$47,344.9 | \$50,114.5 | \$2,769.6     | 5.8%         |

The Office of the State Engineer is charged with administering the state’s water resources. The State Engineer has authority over the supervision, measurement, appropriation, and distribution of all surface and groundwater in New Mexico, including streams and rivers that cross state boundaries.

The Executive recommendation for the Office of the State Engineer (OSE) includes a \$2.7 million general fund increase to fund 27 new FTE across the agency in support of the agency’s core missions of water rights enforcement and settlement negotiation and implementation. These include 10 positions for water rights enforcement across all district offices; 5 positions for Indian water rights settlement negotiation and implementation; 7 positions for Lower Rio Grande settlement implementation; 3 positions for water use planning, and 3 positions for dam rehabilitation. Of note, after avoiding any financial penalties in the Texas vs. New Mexico case over water use in the Lower Rio Grande, OSE is fully engaged in the implementation phase of the settlement agreement, developing physical infrastructure and programming to ensure New Mexico meets its water delivery obligations to Texas per the agreement. The Executive recommendation fully supports these efforts in both the recurring and nonrecurring recommendation.

## NONRECURRING

**The fiscal year 2025 Executive recommendation includes \$53 million to support seven nonrecurring items, or ‘special appropriations,’ for the Office of the State Engineer, to include:**

- ✚ \$35 million to support and fund Indian water rights settlements
- ✚ \$5 million for water rights adjudication work
- ✚ \$4.5 million for a water conservation public education campaign
- ✚ \$7 million total infusions into OSE’s trust funds
- ✚ \$1 million for acequia projects statewide

## ISSUE FOCUS 50-Year Water Plan

Water is a precious resource in New Mexico and preserving it must be a priority for the long-term protection of the state’s environment. With that in mind, in 2021 the Interstate Stream Commission commissioned the New Mexico Bureau of Geology and Mineral Resources to develop a comprehensive report on the impacts of climate change on the state’s water resources over the next 50 years. The 2023 General Appropriations Act contained a \$500 thousand nonrecurring appropriation to the Office of the State Engineer to begin implementation of the recommendations from this report. The FY25 Executive recommendation includes a \$500 million capital investment from severance tax bonds to develop a strategic water supply through treatment of brackish and produced water. The Executive recommendation also allocates \$24.5 million of unappropriated, nonrecurring State Fiscal Recovery Funds to propose a cross-agency approach to implement key provisions of the fifty-year water plan as follows:

- ✚ \$9 million to the Bureau of Geology and Mineral Resources at the New Mexico Institute of Mining and Technology to accelerate the aquifer mapping and monitoring program, a critical investment for future water security and to advance the strategic water supply.
- ✚ \$8 million to the New Mexico Environment Department for various programs, including facility capacity and funding strategies, implementation of the strategic water supply and development of associated water reuse rules and policies, and for a new data dashboard of all contaminated sites.
- ✚ \$5 million to the Office of the State Engineer for a public education campaign to increase water conservation through personal responsibility.
- ✚ \$3 million to the Department of Agriculture to develop water conservation policies and incentives and to develop and implement a conservation outreach and education campaign for farmers and ranchers to increase adoption of technology and drought-resilient crops.

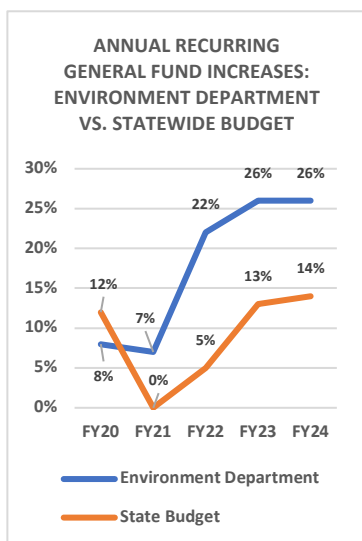


# ENVIRONMENT DEPARTMENT

## RECURRING

For fiscal year 2025, the Executive recommendation includes \$32.4 million in recurring general fund for the Environment Department, an increase of \$6.9 million, or 27.1%, over the current year.

|              | FY23        | FY24        | FY25 Rec    | \$ Change YOY | % Change YOY |
|--------------|-------------|-------------|-------------|---------------|--------------|
| General Fund | \$20,279.5  | \$25,487.7  | \$32,404.4  | \$6,916.7     | 27.1%        |
| Total Funds  | \$154,158.6 | \$189,748.7 | \$215,429.7 | \$25,681.0    | 13.5%        |



The Environment Department (NMED) is responsible for the administration of federal and state laws and regulations related to air quality, surface and groundwater quality, solid waste disposal, underground storage tanks, radioactive materials, radiologic technology, occupational safety, and food safety. Both the Executive and the Legislature have made it a priority to increase state resources to support the important work of the Department. From FY19 through FY24, recurring general fund appropriations to NMED increased by \$14.1 million, or 123%. In addition to general fund appropriations and federal grants, NMED’s budget includes numerous special revenue sources from various application,

certification, penalty, and permitting fees. Many of NMED’s special revenue funds are approaching depletion, despite efforts by the Department, as fees and penalties have not kept pace with program costs and inflation.

The Executive recommendation for the Environment Department builds on previous budgets by including a \$6.2 million general fund increase in the personnel category to reduce reliance on non-general fund revenue sources for employee salaries and benefits. It also includes an increase of \$825 thousand to support statewide lease agreements and increased utility costs to ensure the department can continue to provide its essential services to customers and stakeholders throughout New Mexico. Structurally, the recommendation establishes the existing Environmental Health Division as its own program, separating it from the Environmental Protection Division and increasing the agency’s appropriated programs in the General Appropriations Act from five to six.

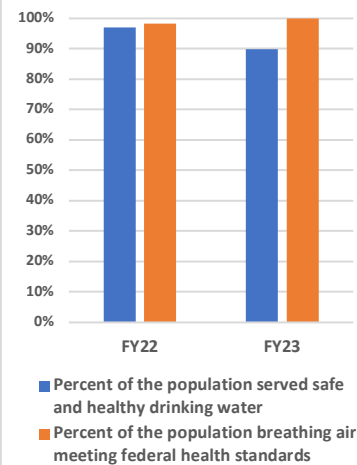
## NONRECURRING

The fiscal year 2025 Executive recommendation includes \$10.5 million to support four nonrecurring items, or ‘special appropriations,’ for the Environment Department, to include:

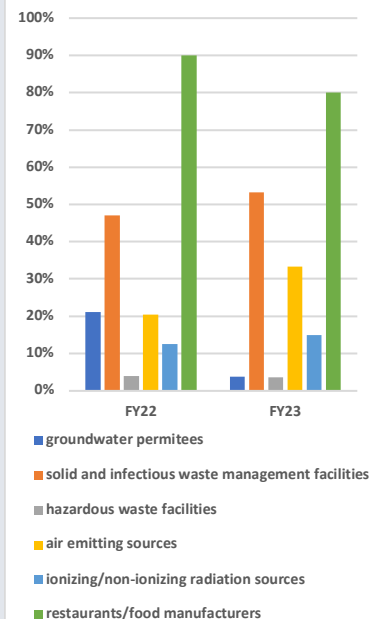
- ✚ \$8 million for implementation of the state’s fifty-year water plan
- ✚ \$1 million for enhancing pollution compliance assurance activities
- ✚ \$1 million to develop and implement initiatives that protect the public from exposure to emerging contaminants
- ✚ \$500 thousand to develop and implement a surface water discharge permitting program

## DATA DIVE

### NEW MEXICO AIR AND WATER QUALITY



### NMED INSPECTION RATES



# CORRECTIONS DEPARTMENT

## RECURRING

For fiscal year 2025, the Executive recommendation includes \$353.3 million in recurring general fund for the Corrections Department, an increase of \$9.4 million, or 2.7%, over the current year.

|              | FY23        | FY24        | FY25 Rec    | \$ Change YOY | % Change YOY |
|--------------|-------------|-------------|-------------|---------------|--------------|
| General Fund | \$335,400.7 | \$343,844.2 | \$353,251.0 | \$9,406.8     | 2.7%         |
| Total Funds  | \$365,768.1 | \$374,931.5 | \$384,356.5 | \$9,425.0     | 2.5%         |

The Corrections Department oversees ten and operates eight of New Mexico’s prison facilities and administers the state’s probation and parole system. The Executive recommendation for the Corrections Department focuses primarily on meeting the department’s new funding needs outside of the inmate management and control program. Over the last several years, the program has made significant reductions to the inmate and management control program’s personnel budget through budget adjustment requests to meet other needs. The Executive recommendation follows that Department-set trend in utilizing vacancy savings to fund other needs within the program such as increased costs for food, housing inmates at private prison facilities, lease contracts and more. The agency has struggled with high vacancy rates inside the prison facilities, but a decreasing incarcerated population has permitted a staffing ratio that the agency considers to be both safe and secure. With inmate populations stabilizing and projecting to remain stable, the Executive recommendation prioritizes current and future staff by recommending more than \$7 million for an 8% pay rate increase for correctional and probation and parole officers; however, this funding is not reflected in the agency budget table above, as it is part of the Executive’s statewide compensation package reflected in Section 8 of the General Appropriations Act. Additionally, the recommendation includes \$550.0 to increase the capacity and enrollment of trainees at the Department’s training academy.

Outside of the prison facilities, the recommendation includes general fund increases of \$2.2 million for peer mentorship, transitional living and other reentry services to aide in recidivism reduction efforts; \$4 million for health and behavioral health service contracts; \$1.3 million for IT services contracts; and a \$1 million general fund increase for the veterans’ services program.

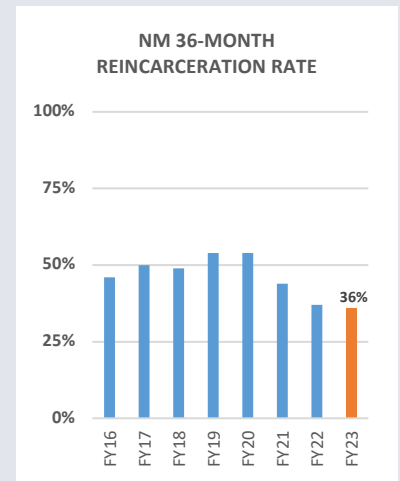
## NONRECURRING

The fiscal year 2025 Executive recommendation includes \$1.1 million from the general fund to support two nonrecurring items, or ‘special appropriations,’ for the Corrections Department, to include:

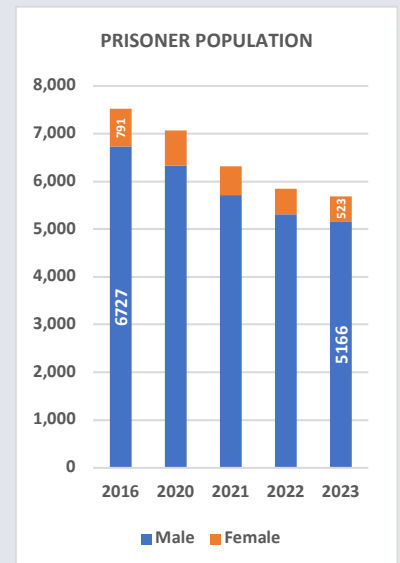
- \$750 thousand for the Medication-Assisted Treatment (MAT) Program for onsite access to medications for treatment of Opioid Use Disorder.

## DATA DIVE

PERCENT OF PRISONERS REINCARCERATED WITHIN THIRTY-SIX MONTHS OF RELEASE



PRISONER POPULATION HIGH COUNTS IN NEW MEXICO



## DEPARTMENT OF PUBLIC SAFETY

### RECURRING

For fiscal year 2025, the Executive recommendation includes \$171.9 million in recurring general fund for the Department of Public Safety, an increase of \$6.6 million, or 4.0%, over the current year.

|              | FY23        | FY24        | FY25 Rec    | \$ Change YOY | % Change YOY |
|--------------|-------------|-------------|-------------|---------------|--------------|
| General Fund | \$150,160.7 | \$165,240.7 | \$171,925.1 | \$6,648.4     | 4.0%         |
| Total Funds  | \$180,015.0 | \$202,277.4 | \$208,949.7 | \$6,672.3     | 3.3%         |

The mission of the Department of Public Safety (DPS) is to protect human life and property through the detection and prevention of criminal activity and enforcement of state laws. Over the last several years, the funding priorities for DPS have revolved around recruiting and retaining officers in the ranks of the state police. The recommendation for FY25 continues that priority by ensuring that law enforcement is appropriately compensated, staffed, equipped, and supported. The Executive includes \$3.2 million for a mandatory upgrade of protective equipment, including body and vehicle cameras, for law enforcement in the law enforcement program. In the other programs, the recommendation includes FTE to ensure that the law enforcement retention fund and other funding distribution projects are appropriately monitored and administered. The Executive also includes \$1.4 million to support appropriate and competitive compensation to reduce vacancies for the state’s forensic laboratories and information technology units, as both fields are highly competitive and quickly advancing. The Department opened the new laboratory in fiscal year 2023 and the IT division is undertaking a rapid upgrade and improvement of systems while taking on new projects. The recommendation also includes \$617.8 thousand and 6 positions for the new criminal justice information systems auditing unit to ensure that crime data at the department and from criminal justice partners statewide is appropriately acquired and protected.

The largest increase for the Department in the Executive recommendation is \$11.6 million to increase pay for New Mexico State Police Officers by an average of 14%, continuing the Executive’s commitment to making the New Mexico State Police the highest compensated law enforcement agency in the state. This funding is not reflected in the agency budget table above, as it is part of the Executive’s statewide compensation package reflected in Section 8 of the General Appropriations Act.

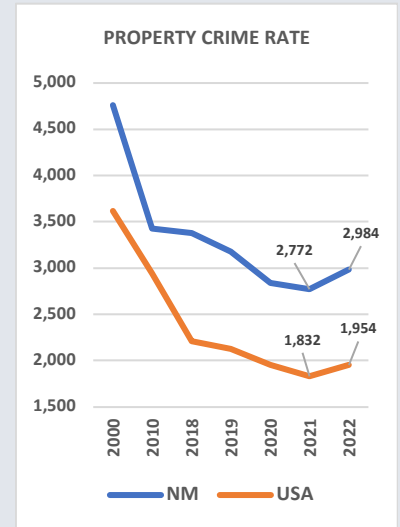
### NONRECURRING

The fiscal year 2025 Executive recommendation includes \$12.8 million from the general fund to support three nonrecurring items, or ‘special appropriations,’ for the Department of Public Safety, to include:

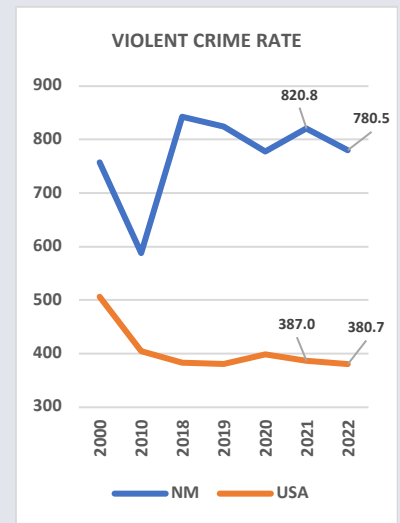
- ✚ \$5 million for the recently revived Governor’s commission on organized crime
- ✚ \$7 million to purchase and equip law enforcement vehicles

### DATA DIVE

PROPERTY CRIME RATE (PER 100,000)



VIOLENT CRIME RATE (PER 100,000)



## DEPARTMENT OF HOMELAND SECURITY AND EMERGENCY MANAGEMENT

### RECURRING

**For fiscal year 2025, the Executive recommendation includes \$5.2 million in recurring general fund for the Department of Homeland Security and Emergency Management, an increase of \$1.6 million, or 44.1%, over the current year.**

|              | FY23        | FY24        | FY25 Rec    | \$ Change YOY | % Change YOY |
|--------------|-------------|-------------|-------------|---------------|--------------|
| General Fund | \$3,444.9   | \$3,582.2   | \$5,161.1   | \$1,578.9     | 44.1%        |
| Total Funds  | \$119,004.7 | \$140,026.8 | \$142,096.3 | \$2,069.5     | 1.5%         |

The Executive recommendation for the Department of Homeland Security and Emergency Management prioritizes staffing and improving operations in both the homeland security and emergency management program as well as the State Fire Marshal's Office program. The recommended general fund increase of \$1.6 million for the homeland security program supports a reduction in the unfunded vacancy rate as well as the acquisition of a grants management software solution for improved administration and reporting. This general fund increase will be matched with federal Emergency Management Performance Grant dollars from the Federal Emergency Management Agency (FEMA).

In total, the recommendation for the State Fire Marshal's office includes \$80.8 million for distributions to fire departments statewide from the Fire Protection Fund, \$20.7 million for grants from the Fire Protection Grant Fund and \$9.5 million for program operations. Most of the recommended \$3 million increase for operations is directed at updating, improving, and increasing the capacity of the state's firefighter training academy in Socorro, which saw a 34.7% increase in training hours delivered between fiscal years 2022 and 2023. The recommendation also includes funding to fully staff the program to meet a variety of needs including statutory requirements for fire code compliance inspections.

## DEPARTMENT OF MILITARY AFFAIRS

### RECURRING

**For fiscal year 2025, the Executive recommendation includes \$9.9 million in recurring general fund for the Department of Military Affairs, an increase of \$810.6 thousand, or 8.9%, over the current year.**

|              | FY23       | FY24       | FY25 Rec   | \$ Change YOY | % Change YOY |
|--------------|------------|------------|------------|---------------|--------------|
| General Fund | \$7,344.3  | \$9,082.4  | \$9,893.0  | \$810.6       | 8.9%         |
| Total Funds  | \$27,480.9 | \$32,626.4 | \$34,218.7 | \$1,592.3     | 4.9%         |

The primary role of the Department of Military Affairs is to provide administrative and coordinated support to the New Mexico national guard to maintain a high degree of readiness to respond to state and federal missions. The Department also hosts the youth and job challenge programs to provide life and job skills training to youth.

The \$810.6 thousand general fund increase includes funding for positions throughout the agency including fully funding leadership and administrative positions that are fully supported by general fund revenue and provides funding to match federal funding for appropriate compensation to assist in recruiting and retaining Cadre and other staff at the Youth Challenge program located in Roswell. The recommendation also includes 4 additional positions, including a construction project manager for state funded projects and resident advisors for the Job Challenge program located in Albuquerque that will commence in January 2025.

# DEPARTMENT OF TRANSPORTATION

## RECURRING

For fiscal year 2025, the Executive recommendation includes \$1.2 billion in recurring funding for the Department of Transportation, a decrease of \$59.3 million, or 4.7%, from the current year.

|              | FY23          | FY24          | FY25 Rec      | \$ Change YOY | % Change YOY |
|--------------|---------------|---------------|---------------|---------------|--------------|
| General Fund | \$0           | \$0           | \$0           | \$0           | N/A          |
| Total Funds  | \$1,218,400.3 | \$1,271,289.4 | \$1,211,965.4 | -\$59,324.0   | -4.7%        |

The mission of the Department of Transportation is to provide a safe and efficient transportation system for the traveling public, while promoting economic development and preserving the environment of New Mexico. The Executive recommendation for the Department of Transportation, which does not receive a general fund appropriation for operations, provides for modest increases of 0.7% from other state fund revenue but includes a \$17.5 million increase in federal funds for projects from the federal Infrastructure Investment and Jobs Act, or Bipartisan Infrastructure Law. In 2023, Senate Bill 160 was enacted to transfer the transportation business regulation functions of the Public Regulation Commission to the Department of Transportation on July 1, 2024. The Executive recommends \$4 million and the transfer of 15 positions plus an additional 13 positions for the Division’s operations at the Department. The recommendation funds the program with vacancy savings and other projects funded from the state road fund that could otherwise be funded with federal dollars or additional road fund revenue if legislation is passed to increase revenue to the fund.

## NONRECURRING

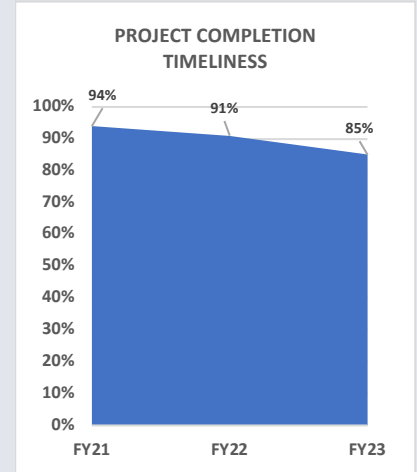
For the first time, the Executive has included a recommendation of \$240 million from the general fund for special, nonrecurring appropriations for the Department of Transportation for transportation infrastructure priorities, to include:

- ✚ \$200 million for road projects
- ✚ \$10 million for New Mexico roadway beautification
- ✚ \$30 million for wildlife corridors

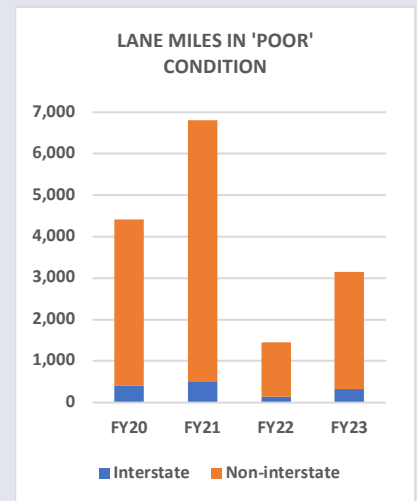
The Executive recommendation also allocates \$30 million in unappropriated State Fiscal Recovery Funds from the 2021 American Rescue Plan Act (ARPA) for electric vehicle charging infrastructure.

## DATA DIVE

### PERCENT OF DOT PROJECTS COMPLETED ON SCHEDULE



### NUMBER OF COMBINED SYSTEMWIDE LANE MILES IN 'POOR' CONDITION



# DEPARTMENT OF FINANCE AND ADMINISTRATION

## RECURRING

For fiscal year 2025, the Executive recommendation includes \$41.4 million in recurring general fund appropriations for the Department of Finance and Administration, a decrease of \$12.8 million, or 23.6%, from the current year.

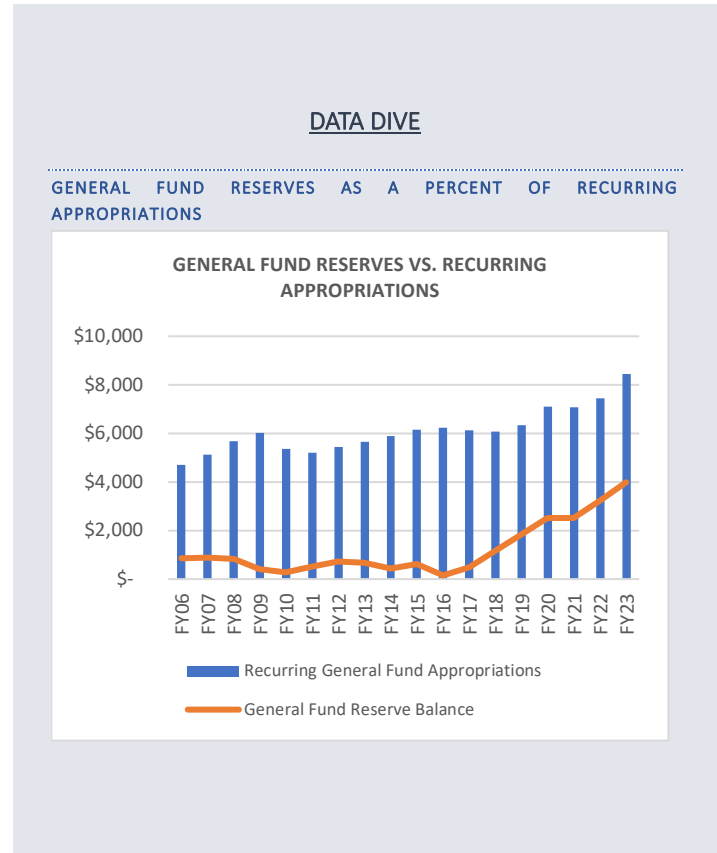
|              | FY23        | FY24        | FY25 Rec    | \$ Change YOY | % Change YOY |
|--------------|-------------|-------------|-------------|---------------|--------------|
| General Fund | \$28,555.5  | \$54,237.6  | \$41,412.7  | -\$12,824.9   | -23.6%       |
| Total Funds  | \$159,633.6 | \$221,559.2 | \$243,409.9 | \$21,850.7    | 9.9%         |

The mission of the Department of Finance and Administration is to guide, serve, and support public entities to ensure fiscal accountability and effective government. The Executive recommendation for DFA reflects a substantial budget reduction on paper due to the reallocation of funding for various components of the Food, Farm and Hunger Initiative from DFA to other state agencies in FY25. Excluding the movement of the Food Initiative funding, the FY25 recommendation supports several general fund increases throughout the agency. The Executive includes a \$3.5 million increase for personnel, both to fill unfunded vacancies as well as for 10 new FTE spread across DFA’s numerous Bureaus and Divisions. This includes several new FTE for the Local Government Division and Federal Grants Management Bureau to accommodate the growing number of federal grants across state government as well as the increasing allocation of state appropriations to local governments, which are administered by the agency. The increase in personnel funding also supports the efforts of the Department to implement an agency-wide internal salary alignment based on the Human Resource Bureau’s review and analysis of compensation disparities conducted in the spring of 2023. This internal alignment was completed to retain and mitigate attrition of employees as they transitioned back into the office post-pandemic.

The Executive also recommends a general fund increase of \$3.4 million in the contractual services category for IT systems maintenance and support, civil legal services, and payment card industry data security standards. Department IT systems requiring additional funding for maintenance and support include the new federal grants management dashboard, the budget formulation and management system, and other existing local government budget and capital outlay tracking systems. The Executive also recommends an increase of \$527 thousand in the other costs category spread across a variety of expenditure accounts for day-to-day operating expenses, including travel, professional development, software licensure renewals, and scheduled IT equipment replacement.

There are several flow-through appropriations and administratively attached entities that are within DFA’s direct fiscal oversight. The Executive recommends recurring general fund appropriations of \$2.3 million for these various activities and entities, to include:

- ✚ \$140.1 thousand increase for the Emergency Water Supply Fund
- ✚ \$135.2 thousand increase for the Fiscal Agent contract
- ✚ \$707 thousand increase for State Planning Districts



- ✦ \$200 thousand increase for the Land Grant Council
- ✦ \$328 thousand for the Intertribal Indian Ceremonial Association
- ✦ \$750 thousand to establish a new Office of Housing

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## NONRECURRING

**The FY25 Executive Recommendation includes \$714.5 million from the general fund to support nine nonrecurring items, or 'special appropriations,' for the Department of Finance and Administration, to include:**

- ✦ \$100 million to provide grant matching funds to state, local, and tribal governments
- ✦ \$250 million for the Opportunity Enterprise Revolving Fund through the New Mexico Finance Authority for statewide housing initiatives
- ✦ \$250 million for the New Mexico Mortgage Finance Authority Trust Fund for statewide housing initiatives
- ✦ \$40 million to reduce, prevent and respond to homelessness statewide
- ✦ \$35 million for firefighter and emergency medical technician recruitment and retention
- ✦ \$35 million for corrections and law enforcement recruitment and retention



# GENERAL SERVICES DEPARTMENT

## RECURRING

For fiscal year 2025, the Executive recommendation includes \$21.5 million in recurring general fund appropriations for the General Services Department, an increase of \$1.4 million, or 7%, over the current year.

|              | FY23        | FY24        | FY25 Rec    | \$ Change YOY | % Change YOY |
|--------------|-------------|-------------|-------------|---------------|--------------|
| General Fund | \$18,700.6  | \$20,107.5  | \$21,515.8  | \$1,408.3     | 7.0%         |
| Total Funds  | \$571,393.1 | \$520,501.6 | \$168,655.3 | -\$351,846.3  | -67.6%       |

The General Services Department (GSD) provides health and risk insurance for state and local governmental entities and employees, manages capital projects and state-owned/leased office space on behalf of many state government agencies, oversees public contracting for goods and services, and provides transportation services for governmental operations. The FY25 Executive recommendation includes a general fund increase of \$1 million for the Facilities Management Division to fill vacant custodial, preventative building maintenance, and capital project management positions; conduct facility condition assessments and enhance building security; and support anticipated increases in utility expenses at state-owned buildings. The recommendation also includes a general fund increase of \$385 thousand for the Transportation Services Division for an additional pilot and mechanic as well as fuel and maintenance costs for the state plane. The significant reduction in non-general fund sources in the recommendation is due to the upcoming transfer of the employee health benefits program from GSD to the Health Care Authority in FY25.

## NONRECURRING

The fiscal year 2025 Executive recommendation includes \$156.8 million from the general fund to support seven special, supplemental, and deficiency appropriations for the General Services Department.

- ✦ \$125.7 million for the employee group health benefits fund. See the *Issue Focus* box for more details.
- ✦ \$24.8 million for the public liability insurance fund
  - Similar to the health benefits fund, premium increases for the public liability fund have not kept pace with rising claims expenditures. Cash reserves have dwindled from \$70 million at the close of FY20 to \$43 million to close FY23. Depending on the number and severity of claims over the coming months, the liability fund may not have sufficient assets on hand to pay out all claims expenditures owed by the state this fiscal year.
- ✦ \$2.6 million for the life insurance fund, which also ran into a deficit to close FY23
- ✦ \$2.3 million to replace end-of-life vehicles in the state fleet

### ISSUE FOCUS:

#### EMPLOYEE GROUP HEALTH BENEFITS

A combination of rising medical costs and inadequate premium growth have caused the state employee health benefits fund to accrue both a significant debt and structural deficit. The Executive and Legislature began to take steps to address this problem in 2023 through a mix of general fund appropriations, a special employer assessment mandated in 2023 House Bill 2, and a 10% insurance premium increase that took effect in July 2023.

The fiscal year 2025 Executive budget recommendation includes several provisions intended to pay off the debt in the fund and make significant progress in resolving its structural deficit issues. First, due to the availability of record one-time general fund revenue, the recommendation supports nonrecurring appropriations totaling \$125.7 million to pay off the fund's projected debt through the end of fiscal year 2024. Second, all agency budgets have built in costs to pay for a 9.2% premium increase that will take effect in fiscal year 2025. Last, the Executive recommendation includes language requiring all general fund reversions from the personal services and employee benefits category at the end of both fiscal years 2024 and 2025 to revert to the state employee health benefits fund. This could potentially infuse the fund with tens of millions of dollars as the employee health benefits program makes its transition to the Health Care Authority (HCA) as required under 2023 Senate Bill 16. HCA will be able to take advantage of the state's purchasing power and improve plan designs to achieve future fund stability.



# DEPARTMENT OF INFORMATION TECHNOLOGY

## RECURRING

For fiscal year 2025, the Executive recommendation includes \$8.5 million in recurring general fund for the Department of Information Technology (DoIT), an increase of \$1.4 million, or 19.5%, over the current year.

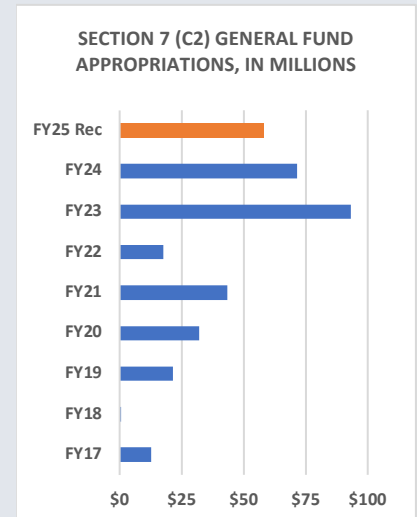
|              | FY23       | FY24       | FY25 Rec   | \$ Change YOY | % Change YOY |
|--------------|------------|------------|------------|---------------|--------------|
| General Fund | \$2,466.8  | \$7,090.4  | \$8,475.3  | \$1,384.9     | 19.5%        |
| Total Funds  | \$77,693.5 | \$86,645.6 | \$89,470.5 | \$2,824.9     | 3.3%         |

The Department of Information Technology (DoIT) is the central provider of information technology services to state agencies. DoIT charges customer state agencies for several services, including telecommunications; hosting; network; internet provider access; public safety communications; and historically the use of the Statewide Human Resources, Accounting, and Reporting System (SHARE), which was transferred back to the Department of Finance and Administration in FY24. The revenues generated from these fees cover roughly 92% of DoIT operating expenses. This cost recovery structure also allows for continuing replenishment of the department’s non-reverting Equipment Replacement Funds, which are used to update aging information technology infrastructure on an annual basis. The passage of Senate Bill 93 in 2021 created the Office of Broadband Access and Expansion (OBAE), which is currently administratively attached to the Department of Information Technology. The FY25 Executive Recommendation separates OBAE from DoIT’s organizational structure, recognizing OBAE as its own independent agency.

Laws 2023, Chapter 115 established the Cybersecurity Act, creating the Cybersecurity Office, which is administratively attached to the Department of Information Technology. Currently, cybersecurity functions reside in the Compliance and Project Management program, but the FY25 recommendation establishes the Cybersecurity Office as its own program within DoIT’s organizational structure. The Cybersecurity Office is charged with serving as the main governing body for cybersecurity operations within New Mexico, responsible for identifying, detecting, and protecting the state's digital assets, providing effective risk mitigation strategies, and responding to and recovering from cyber threats. The Office of Cybersecurity leveraged the 2023 Capabilities Assessment, completed pursuant to the State and Local Cybersecurity Grant Program, to understand the baseline cybersecurity preparedness and capabilities of entities throughout New Mexico. The assessment included participation from state agencies, K-12 education institutions, higher education institutions, local governments, and tribal agencies. The Executive recommendation supports the agency’s general fund request of \$6.8 million for the Cybersecurity Office, an increase of \$2 million over FY24. This includes \$828 thousand to increase the number of FTE from 8 to 14, \$1 million in contractual dollars for management and operation of the new cybersecurity statewide operations warehouse and the continuation of current cybersecurity remediations funded through special appropriations in FY24, and \$926.4 thousand for rates, software licenses, training, and IT equipment.

## DATA DIVE INFORMATION TECHNOLOGY PROJECTS (C2)

Section 7 of the General Appropriations Act includes nonrecurring funding for key state agency information technology projects, also known as C2 projects. This funding supports both the implementation of brand-new systems as well as modernization of existing systems. Over the last few years, the state has increased C2 funding considerably to support a wide range of state agency projects, such as upgrading state benefits eligibility platforms and establishing an all-payer claims database to promote healthcare quality and affordability through cost and service transparency. C2 appropriations are active for roughly two and a half years to allow for sufficient time for project completion. The FY25 C2 executive recommendation includes \$58.3 million from the general fund and \$112.1 million from all funding sources to support 15 new projects and provide the next phase of funding for 14 ongoing projects.



The Executive recommendation also supports a general fund increase of \$650 thousand for personnel within program support and \$76 thousand for the Enterprise Project Management Office (EPMO) for software subscription licenses, IT equipment and maintenance, and other day-to-day operating expenses.

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#### NONRECURRING

**The FY25 Executive recommendation includes \$2.8 million from the general fund to support one nonrecurring item, or ‘special appropriation,’ for the Department of Information Technology.**

- ✚ \$2.8 million for sponsored subscription fees for emergency responders statewide. The current digital trunk radio system provides interoperability between radios of emergency responders from differing jurisdictions who would otherwise be unable to communicate directly during an event. There are currently 40 independent state, federal, local, and tribal entities participating, with 34 active sites online contributing to 40% geographic system coverage across the state. There are 54 sites in active implementation with DoIT capital requests, which will effectively increase statewide coverage to 61%.

## OFFICE OF BROADBAND ACCESS AND EXPANSION

### RECURRING

**For fiscal year 2025, the Executive recommendation includes \$2.2 million in recurring general fund for the Office of Broadband Access and Expansion, an increase of \$804.1 thousand, or 59%, over the current year.**

|              | FY23    | FY24      | FY25 Rec  | \$ Change YOY | % Change YOY |
|--------------|---------|-----------|-----------|---------------|--------------|
| General Fund | \$822.6 | \$1,369.5 | \$2,173.6 | \$804.1       | 58.7%        |
| Total Funds  | \$822.6 | \$1,369.5 | \$4,339.4 | \$2,969.9     | 216.9%       |

The Office of Broadband Access and Expansion (OBAE) is the state’s centralized entity responsible for managing and coordinating the deployment of broadband across New Mexico. Currently, OBAE exists as a program within the Department of Information Technology (DoIT). The FY25 Executive recommendation separates OBAE from DoIT’s organizational structure, recognizing OBAE as its own independent agency.

The Executive recommendation totals \$4.3 million, of which half is from the general fund and the other half from the administrative portion of the federal Broadband Equity, Access and Deployment (BEAD) program grant. This reflects a total increase of \$3 million, with a general fund increase of \$804.1 thousand, or 59%. The Executive supports an increase of \$1.6 million in personnel funding for 23 new FTE for additional, in-house technical expertise; \$1.1 million in contractual funding for IT services, legal services, and consultation with subject matter specialists as needed; and \$192 thousand across a variety of line items for day-to-day operating expenses, to include GSD rates, software license subscriptions, travel, IT equipment and professional development.

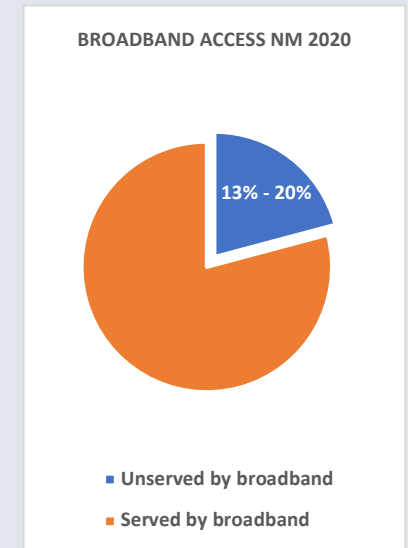
### NONRECURRING

**The FY25 Executive recommendation includes \$42 million from the general fund to support one nonrecurring item, or ‘special appropriation,’ for OBAE.**

- ✚ \$42 million from the general fund for the Connect New Mexico fund to serve as a state match for federal broadband funding. This is the annual 25% match necessary for BEAD phase II funding (a five-year grant). The total awarded amount for the State of New Mexico is \$675 million, with a required state match of \$169 million for the entirety of the grant.

### DATA DIVE

PERCENT OF HOMES AND BUSINESSES SERVED AND UNSERVED BY BROADBAND, 2020



\* DoIT’s 2020 Broadband Strategic Plan references two separate analyses using differing methodologies. The two studies taken together suggest a range of 13% - 20%.

## REGULATION AND LICENSING DEPARTMENT

### RECURRING

For fiscal year 2025, the Executive recommendation includes \$20.3 million in recurring general fund for the Regulation and Licensing Department, an increase of \$2.2 million, or 12.3%, over the current year.

|              | FY23       | FY24       | FY25 Rec   | \$ Change YOY | % Change YOY |
|--------------|------------|------------|------------|---------------|--------------|
| General Fund | \$16,646.7 | \$18,069.5 | \$20,289.2 | \$2,219.7     | 12.3%        |
| Total Funds  | \$48,328.3 | \$51,462.4 | \$58,268.9 | \$6,806.5     | 13.2%        |

The Regulation and Licensing Department (RLD) administers and enforces the laws, rules, regulations, and codes for construction, manufactured housing, financial institutions, securities, alcohol, and cannabis. The Department also licenses and regulates more than thirty-five different professions and specialized trades. The FY25 Executive recommendation includes a general fund increase of \$2.2 million. Roughly \$1.5 million is to support the Manufactured Housing Division; \$667.8 thousand is for seven new FTE within the Construction Industries Division to enforce the provisions of the new Elevator Safety Act; and \$416.2 thousand is for IT support throughout the agency.

## TAXATION AND REVENUE DEPARTMENT

### RECURRING

For fiscal year 2025, the Executive recommendation includes \$82.8 million in recurring general fund for the Taxation and Revenue Department, an increase of \$3.6 million, or 4.5%, over the current year.

|              | FY23        | FY24        | FY25 Rec    | \$ Change YOY | % Change YOY |
|--------------|-------------|-------------|-------------|---------------|--------------|
| General Fund | \$72,664.7  | \$79,165.9  | \$82,757.2  | \$3,591.3     | 4.5%         |
| Total Funds  | \$113,858.4 | \$126,369.8 | \$130,995.0 | \$4,625.2     | 3.7%         |

The Taxation and Revenue Department (TRD) is responsible for the administration and implementation of laws and oversight functions related to taxation, revenue collection, and vehicles. The FY25 Executive recommendation supports a \$3.6 million increase in recurring general fund appropriations for TRD. Of this total increase, \$3.3 million is to enhance and maintain the agency's major IT systems, including GenTax and the Tapestry system utilized by the Motor Vehicle Division. The recommendation also includes a \$174 thousand increase for new subscriptions for fraud identification and verification systems.

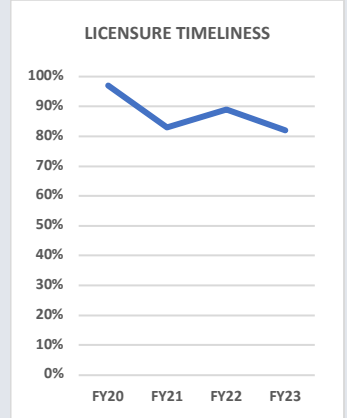
### NONRECURRING

The fiscal year 2025 Executive recommendation includes \$9.3 million from the general fund to support four nonrecurring items, or 'special appropriations,' for the Taxation and Revenue Department, to include:

- ✚ \$5.1 million to develop, enhance and maintain the tax systems of record
- ✚ \$3 million to implement potential changes to the tax and motor vehicle code in the 2024 legislative session, if applicable

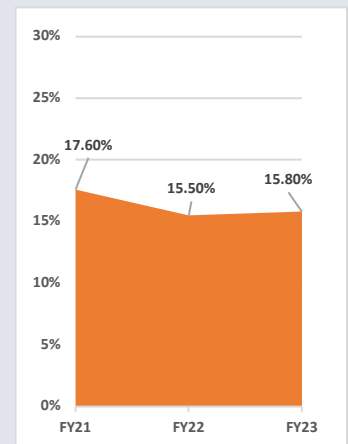
### DATA DIVE

PERCENT OF LICENSURE APPLICATIONS AND RENEWALS PROCESSED WITHIN 3 DAYS OF RECEIPT OF COMPLETED APPLICATION



### DATA DIVE

TAX COLLECTIONS AS A PERCENT OF OUTSTANDING BALANCES OWED FROM THE END OF THE PRIOR FISCAL YEAR



Of the \$1 billion in outstanding tax collections for the state to end FY22, the Tax Administration Program collected \$145.7 million in FY23, 15.8% of the outstanding balance.

## JUDICIAL BRANCH

### RECURRING

**For fiscal year 2025, the Executive recommendation includes \$438.5 million in recurring general fund for the Judicial Branch, an increase of \$35.6 million, or 8.9%, over the current year.**

|              | FY23        | FY24        | FY25 Rec    | \$ Change YOY | % Change YOY |
|--------------|-------------|-------------|-------------|---------------|--------------|
| General Fund | \$363,452.7 | \$402,839.3 | \$438,463.4 | \$35,624.1    | 8.9%         |
| Total Funds  | \$419,009.1 | \$457,732.9 | \$487,482.9 | \$29,750.0    | 6.5%         |

The Executive recommendation strongly supports the mission of the New Mexico Judiciary, which includes 13 District and Magistrate Courts, the Bernalillo County Metropolitan Court, the New Mexico Compilation Commission, the New Mexico Court of Appeals, the New Mexico Supreme Court, and the Administrative Office of the Courts (AOC). The recommendation includes an average 6.1% general fund increase for the judiciary, which equates to \$1.14 million per agency. The recommendation also supports \$7.8 million in new general fund for the AOC to replace lost fee revenue after the enactment of House Bill 139 from 2023, which eliminated most post-adjudication fees in criminal and traffic cases. This legislation goes into effect at the beginning of FY25.

The Executive recommendation also strongly supports the work of New Mexico's attorneys, from the 14 District Attorney offices across the state who prosecute criminals and work to improve public safety in their communities to the Law Offices of the Public Defender, who provide legal representation for indigent parties. The recommendation includes an average general fund increase of 10.2% for the District Attorney offices and the Administrative Office of the District Attorneys, an average increase of \$652.5 thousand for each agency. Of note, the Executive supports \$3 million in new general fund for the District Attorney serving Bernalillo County to address the public safety challenges facing the Albuquerque metro area. The recommendation also supports a general fund increase of \$6.4 million, or 8.9%, for the Law Offices of the Public Defender and provides funding for 20 new FTE to aid in their critical work.

### NONRECURRING

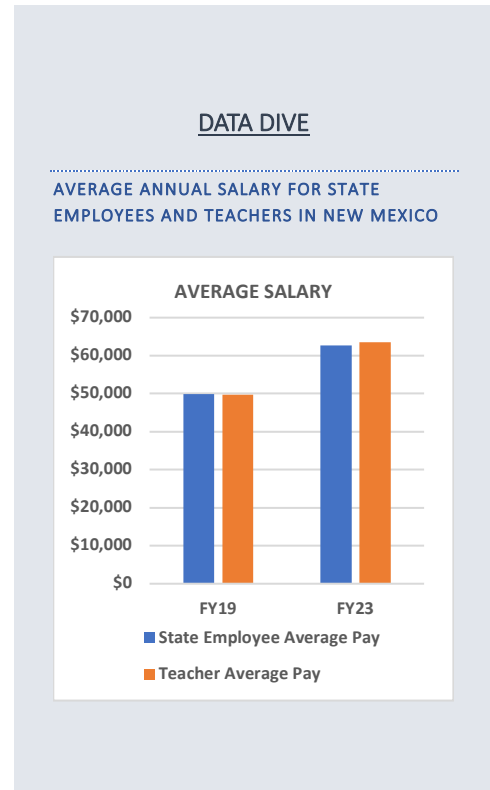
**The fiscal year 2025 Executive recommendation includes \$10.75 million from the general fund to support five nonrecurring items, or 'special appropriations,' for the Judicial Branch, to include:**

- ✚ \$10 million for court technology upgrades
- ✚ \$150 thousand for recruitment and retention initiatives at the Law Offices of the Public Defender

## COMPENSATION

Over the past few years, the Executive and Legislature have worked together to enact substantial pay increases for state and public-school employees. In FY23, the state implemented a comprehensive salary alignment with state employees receiving a minimum 7% increase, and many receiving much higher percentage increases. Additionally, in FY23, New Mexico raised the three-tiered teacher salary minimums by \$10 thousand to \$50 thousand, \$60 thousand, and \$70 thousand. Then in FY24, the state enacted an across-the-board 6% salary increase. From FY19 to FY24, the average annual salary of state employees has grown from \$49,950 to \$67,650 currently, an increase of \$17,700, or 35%. Similarly, the average teacher salary from FY19 to FY23 grew from \$49,770 to \$63,580, an increase of \$13,810, or 27.7%.

The fiscal year 2025 Executive recommendation includes \$154.8 million in general fund to provide 3% salary increases for state and public-school employees. It also includes \$7 million from the general fund for an 8% compensation increase for correctional and probation and parole officers at the Department of Corrections as well as \$11.6 million to increase pay for New Mexico state police officers by an average of 14%. The Executive acknowledges that more work needs to be done to address compensation of state employees and is currently engaged with the Legislature and State Personnel Office in a comprehensive compensation and classification study to collaboratively determine the ideal path forward to support the state’s workforce.



### EXECUTIVE GENERAL FUND COMPENSATION INCREASE RECOMMENDATION, IN THOUSANDS

|  | Legislative Branch<br>Agencies | Executive Branch<br>Agencies | Judicial Branch<br>Agencies | K-12 Public Schools | Higher Education<br>Institutions |
|--|--------------------------------|------------------------------|-----------------------------|---------------------|----------------------------------|
| <b>3% compensation increase</b>  | \$ 533.9                       | \$ 18,514.4                  | \$ 8,692.7                  | \$ 96,083.4         | \$ 31,003.5                      |
| <b>8% compensation increase for correctional and probation and parole officers at the Corrections Department</b> |                                | \$ 7,180.7                   |                             |                     |                                  |
| <b>Average 14% compensation increase for state police with the Department of Public Safety</b>                   |                                | \$ 11,555.4                  |                             |                     |                                  |
| <b>TOTAL GENERAL FUND RECOMMENDATION</b>   | <b>\$ 533.9</b>                | <b>\$ 47,250.5</b>           | <b>\$ 8,692.7</b>           | <b>\$ 96,083.4</b>  | <b>\$ 31,003.5</b>               |



New Mexico  
**Department of Finance  
and Administration**