NEW MEXICO
LEGISLATIVE FINANCE COMMITTEE

LEGISLATING FOR RESULTS:
POLICY AND PERFORMANCE ANALYSIS

Report to the Fifty-Fifth Legislature, Second Session
VOLUME 1

January 2022 for the 2023 Fiscal Year

State of New Mexico
LEGISLATIVE FINANCE COMMITTEE

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Honorable Members
Fifty-Fifth Legislature, Second Session
State Capitol
Santa Fe, New Mexico 87501

Dear Fellow Legislators:

Pursuant to Section 2-5-4 NMSA 1978, the fiscal year 2023 budget recommendation of the Legislative Finance Committee is provided to you.

New Mexico continues to ride a roller-coaster of finances, reliant on the volatile oil and gas industry for much of its revenue and subject to the pandemic-induced economic storm buffeting the nation. This year we are on an upward trajectory, with federal funds stimulating the economy, oil production surging ahead of other states, and demand for natural gas growing for the first time in years. But we know from experience, we could easily be on a downward plunge. Fortunately, New Mexico has developed the tools—cautious spending, significant reserves, revenue stabilization funds—to even out the ups and downs.

As has been well-publicized, New Mexico is projected to have $9.049 billion in general fund revenue in the 2022-2023 fiscal year, including $1.6 billion in "new money," recurring revenue less prior-year planned spending available for expanded funding in FY23. The committee recommendation totals $8.46 billion, a 14 percent increase over FY22 operating budgets. About half of the increase, over $496 million, would be used to replace federal funds used on a one-time basis to sustain state services during the pandemic. The plan would leave reserves at 30 percent of planned spending, similar to the effective reserve level in place at the onset of the pandemic.

The committee's spending plan prioritizes investment into those programs we know will improve the lives of New Mexicans, efforts to improve service levels for vulnerable New Mexicans and eliminate the waiting lists for critical services, and improved compensation for public education and state government workers to keep salaries competitive and help with the recruitment and retention of quality public servants.

The committee's plan continues the state's commitment to early childhood with a 3.5 percent increase in general fund spending for the Early Childhood Education and Care Department over the current year budget and additional spending from the newly created early childhood care and education trust fund to expand prekindergarten, early prekindergarten, and tribal early childhood programs, and home-visiting services to new parents and bolster pay and other supports for the early childhood workforce. In addition, the committee proposes a 7 percent increase for the Children, Youth and Families Department focusing on evidence-based practices in child protective services, behavioral health, domestic violence, extended foster care, and supportive housing.

For public schools, the committee's recommendation totals $3.87 billion, a 12 percent overall increase that includes $225 million for a pay plan that provides a minimum salary of $13.50 an hour and increases the minimum salaries for each of the teacher licensing levels. The recommendation further provides $210.5 million in nonrecurring funds for education services, including $180 million from the public education reform fund to address issues raised by the *Martinez-Yazzie* education sufficiency lawsuit. The recommendation requires all schools to participate in flexible extended learning approaches and expands the Public Education Department' budget by almost $5 million to improve oversight of school budgets and licensure.

On higher education, the committee recommends a 4.5 percent increase in support for the core functions of the state's colleges and universities and recommends an overall 11 percent increase for research and public service projects across all institutions and categorical programs. The committee proposes several new categorical programs for FY23, including tribal education initiatives to combat the achievement gap for Native American college students, teacher pipeline programs to alleviate teacher shortages, and $6 million in student support and wraparound services to improve retention and graduation rates. Recognizing the growing healthcare workforce needs, the recommendation also increases funding for nursing and medical residency-related projects by $1.9 million, a 15 percent increase from FY22.

The committee recommends a 27 percent increase in state support for the Medicaid program, primarily to "backfill" federal funds that increased substantially during the pandemic and are slated to wind down in FY23. The committee's proposals for the Human Services and Health departments also include funds to raise healthcare provider rates and expand support for behavioral health and one-time federal funds to reduce the waiting list for services for people with developmental disabilities.

In addition, the committee includes a 5 percent increase for courts that includes funds for new district court judgeships in the 5th and 13th judicial districts, a 10.8 percent increase in general fund support for the Department of Public Safety mostly for targeted compensation increases and staff expansions, and a small cut in general fund revenues for the Corrections Department, a reflection of declining inmate populations.

Finally, the committee's spending plan for recurring spending includes across-the-board salary increases for state, public school, and higher education employees, in addition to targeted increases, of 3 percent for the last quarter of FY22 and 4 percent starting in July 2022 and funding to protect employees from rising healthcare and pension costs. The committee's proposal also includes extensive plans for spending one-time federal funds and excess FY22 revenue on information technology and other infrastructure.

I would like to thank the membership of the Legislative Finance Committee for their hard work on behalf of the people of New Mexico and the LFC staff for its thoughtfulness and diligence on this very difficult task. Together, we have prepared a responsible budget that invests in the people of New Mexico.

Sincerely,

Patty Lundstrom

Representative Patricia "Patty" Lundstrom
Chairwoman

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LEGISLATIVE FINANCE COMMITTEE

TO THE

FIFTY-FIFTH LEGISLATURE, SECOND SESSION

VOLUME I

LEGISLATING FOR RESULTS: POLICY AND PERFORMANCE ANALYSIS

JANUARY 2022

FOR

FISCAL YEAR 2023

REPRESENTATIVE PATRICIA LUNDSTROM
CHAIRWOMAN

SENATOR GEORGE MUÑOZ
VICE CHAIRMAN

DAVID ABBEY
DIRECTOR

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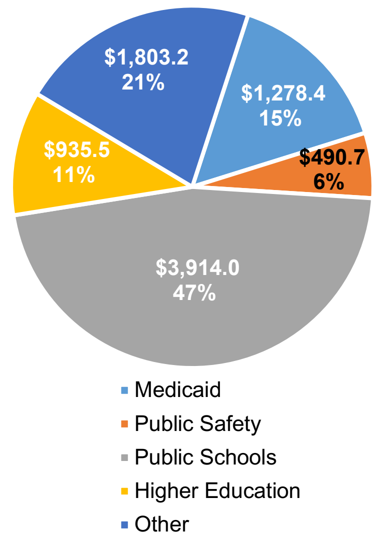
Recommendations and Highlights

Federal stimulus funds and the reopening of the global economy have kept New Mexico's revenues afloat despite significant peril from the coronavirus pandemic. Consequently, growth in general fund revenue estimates driven by a stronger economy and continued booming oil production coming out of the pandemic provide historic opportunities for the state. The Legislative Finance Committee recommendation for the FY23 state budget prioritizes investments that will improve outcomes for New Mexicans through rigorously evaluated evidence-based programs, improve service levels and eliminate waiting lists for critical services, and provide needed compensation changes to keep state employment salaries competitive and help with recruitment and retention of public employees. However, most of the proposed increases do not grow agencies' overall budgets and instead replace the use of one-time funding for ongoing expenses used to keep the state solvent with recurring revenue. Further, the recommendation sets aside a significant amount for tax reforms and rebates. However, sizable reserve funds, which can be spent down, and federal American Rescue Plan Act (ARPA) state relief funds are available for one-time investments that could transform the state's future.

FY23 Recurring General Fund Appropriation Recommendation: $8,465.4 billion



Public Schools includes prekindergarten transfer.

Source: LFC Files

While New Mexico's boom-and-bust budget cycle continues—with steep increases in estimated FY23 revenues driven by continued record level oil production, a revived natural gas revenue stream, and a strong, broad-based economy—fiscal stability measures the state implemented a couple of years ago are working as planned. Unusually high energy revenue increases shift to the tax stabilization reserve and then to the new early childhood education and care endowment fund. Given the state's revenue roller coaster, and the fact the state revenues are headed steeply upward, the committee set a reserve target of 30 percent, similar to the effective reserve level in place at the onset of the pandemic.

LFC Online: Understanding Government Finances

Finance Facts: Consensus Revenue Estimate

Budget Development and Priorities

Budget Development

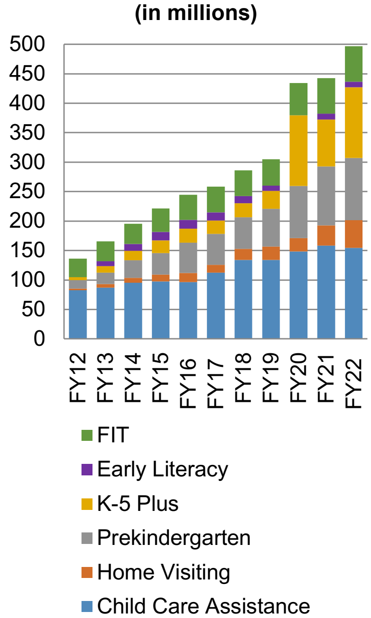
As reported in the December update of the Consensus Revenue Estimating Group forecast, unaudited reports indicate recurring revenues for FY21 were $8.085 billion, up $224.6 million, or 2.9 percent, from FY20. Recurring revenues for FY22 are estimated at $8.163 billion, and FY23 recurring revenues are estimated at $9.049 billion. "New money," or projected recurring revenues for the following fiscal year less current year recurring appropriations, is estimated at $1.599 billion for FY23, or 21.5 percent growth from the FY22 recurring budget.

At the time of budget development this fall, over $1 billion of federal ARPA funds was in dispute over which branch of government controlled the use of this funding. In November 2021, the New Mexico Supreme Court ruled the Legislature should appropriate the funding. The committee budget guidelines anticipated and planned for the spending of these funds that, when combined with surpluses of nonrecurring general fund revenue, provide over $2.3 billion in major investments.

Priorities

The recommendation provides opportunities for strategic growth in programs aimed at improving outcomes in key priority areas, including public education, health and human services, child welfare, and public safety. Medicaid received a significant increase in temporary federal matching funds through the pandemic that need to be replaced with recurring state funds in FY23. Shoring up agency base budgets coming out of another round of solvency and taking care of other liabilities are additional priorities. Priorities for use of one-time funding include major investment transportation projects, economic development, quality of life and water projects, and investments to "pre-fund" future years' spending needs. Prefunding strategies include endowments and funding startup costs of evidence-based services that could then bill other federal sources for ongoing costs.

Recurring Early Childhood Funding History FY12-FY22 (in millions)



Source: ECECD/LFC Files

Recommendation

Agencies requested almost $8.49 billion from the general fund; the LFC recommendation is $8.46 billion, or 14 percent above the FY22 operating budgets. However, more than half of the LFC recommendation, over $496 million, or about an 8 percent increase, relates to replacing one-time funding, such as enhanced federal Medicaid funding, with general fund revenue and fully funding FY22 compensation increases, or to addressing unfunded liabilities, such as pensions. The remaining recommended increases grow investments in agency programs and for compensation increases about $446 million, or about 6 percent.

Early Childhood

Early Childhood Education and Care Department. For FY23, the Early Childhood Education and Care Department (ECECD) requested $201.3 million general fund revenue, 5 percent above the FY22 operating budget. The committee recommendation for general fund revenues increases appropriations by $6.8 million, or 3.5 percent, including $3.7 million for prekindergarten to replace exhausted fund balance revenue and $500 thousand for training and IT services related to the Comprehensive Addiction and Recovery Act (CARA). Of the $10 million in new revenue from the early childhood care and education fund, the LFC recommendation increases home-visiting services to new families by $2 million, prekindergarten and early prekindergarten by over $5 million, workforce supports by $1 million, and tribal early childhood programs by $1.6 million. In total, the FY23 recommendation for ECECD is $416.4 million, of which $198.6 million is from the general fund.

Children, Youth and Families. The LFC recommendation, a 7 percent increase in general fund revenue, prioritizes evidence-based programs, particularly in child protective services, and takes into consideration the constraints of New

Mexico's limited workforce by not overfunding positions. By using more federal revenue and limiting the growth of programs not based on evidence. LFC analysis indicates FY22 funding for vacant positions is nearly $3.6 million. With LFC's FY23 recommendation, the department would be able to fill as many as 90 FTE through FY23. With the LFC recommendation, the department would also grow behavioral health services, domestic violence prevention, extended foster care, and supportive housing.

Education

Public Education. The committee's recommendation for recurring general fund appropriations for public education totals $3.87 billion, a $421.7 million, or 12.2 percent, increase from FY22 levels. The recommendation further includes $210.5 million in nonrecurring, education-related appropriations, including $180 million from the public education reform fund to address issues highlighted in the *Martinez* and *Yazzie* education sufficiency lawsuit.

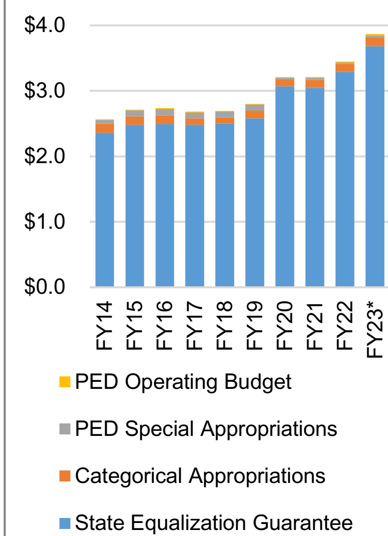
The vast majority of the public education funding recommendation is attributable to the formula-based state equalization guarantee distribution (SEG), which totals $3.68 billion, a $392 million, or 11.9 percent, increase from FY22 funding levels. The committee recommendation includes $225 million directly for school personnel salaries, providing a 7 percent salary increase for all employees, addressing salary compaction and recruitment for hard-to-staff positions, raising the minimum wage to $13.50 per hour, and increasing the three minimum salary levels for licensed educators by $7,500 for each level. Contingent on legislation, the recommendation includes $40 million to increase the employer retirement contribution by 2 percent for FY23.

The recommendation requires all schools to participate in an Extended Learning Time (ELT) program, reinstates a previous moratorium on four-day school weeks, and provides flexibility for schools to operate K-5 Plus and ELT programs by adding half of the extra time in the form of instructional hours rather than additional days. Further, the recommendation provides $26 million to scale up ELT funding for small school districts and $19 million for supplemental at-risk services—equivalent to an at-risk index factor increase from 0.30 to 0.32.

To address findings in the *Martinez* and *Yazzie* lawsuit relating to cultural and linguistic needs, the recommendation increases appropriations to the Indian education fund by $10 million and funding for early literacy initiatives by $6.3 million. Additionally, the recommendation expands the Public Education Department's operating budget by $4.9 million, or 34 percent, to increase oversight of school budgets and licensure.

Higher Education. The LFC recommendation, a 4.5 percent increase ($41 million) over FY22, increases support for higher education institutions' core instructional functions while encouraging institutions to address declining enrollment. The LFC recommendation also includes targeted increases to improve student retention and expand academic programming in key areas of workforce need for the state. The instruction and general (I&G) funding formula recommendation aligns with the recommendation from the Higher Education Department (HED) for 3 percent new funding, holding back 1 percent for a new workload adjustment measure, an approach to incentivize institutions to address declining enrollment. LFC

Public Education General Fund History
(in billions)



*LFC Recommendation

Source: LFC Files

LFC Online: Understanding Government Finances

Finance Facts: General Appropriation Act

For more info:

General Fund Recommendation Summary
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recommends $130.4 million for research and public service projects (RPSPs) across all institutions and $40 million in categorical programs, an overall 11 percent increase from FY22. LFC recommends several new categorical programs for FY23, including (1) $1.75 million for tribal education initiatives to combat the achievement gap for Native American college students, (2) $1.7 million for teacher pipeline programs to alleviate teacher shortages, and (3) $6 million for student support and wraparound services to improve retention and graduation rates. Recognizing the growing healthcare workforce needs, the LFC recommendation also increases funding for nursing and medical residency-related RPSPs by $1.9 million, a 15 percent increase from FY22.

Human Services

The LFC recommendation for the Human Services Department (HSD) is $9.2 billion from all revenue sources, an $896 million, or 10.8 percent, increase over the FY22 operating budget, and includes an additional $261.7 million from the general fund, an increase of 22.6 percent.

The LFC recommendation includes a $243.4 million increase in general fund support for the state's Medicaid program in FY23, an increase of 27.3 percent over the FY22 operating budget. The recommendation primarily uses revenue from the general fund to "backfill" federal funds increased during the pandemic and slated to wind down in FY23 with enrollment projected to slowly decline. LFC also recommends additional general fund support for enrollment, to extend postpartum service, and to raise hospital and provider rates affected by utilization, inflation, and minimum wage adjustments.

Behavioral Health. For FY23, HSD requested and the committee recommends $3.36 million more general fund revenue than in FY22 for the Medicaid Behavioral Health Program. The recommendation represents a 2.4 percent increase over FY22 and fully supports funding Medicaid behavioral health services.

LFC Online: Understanding Government Finances

Finance Facts: General Fund Reserves

The LFC recommendation for the Behavioral Health Services Program supports an overall budget for FY23 of $82.6 million, including increasing general fund support by $4.3 million, or 9 percent. LFC recommends general fund support totaling $1.5 million for the 988 Crisis Now phone line in addition to $2.2 million in a special appropriation for a total of $4.7 million. The recommendation also includes $1.2 million for non-Medicaid-eligible behavioral health provider rate increases, $850 thousand for substance use disorder and evidence-based behavioral health treatments, $270.4 thousand for local behavioral health collaboratives, and an additional $500 thousand for the Linkages supportive housing program.

Health

The $342.8 million general fund recommendation for the Department of Health (DOH) is 8.5 percent over the FY22 operating budget. The LFC recommendation increases general fund support by $26.8 million, including $10.4 million for provider rate increases for the Medicaid waiver programs for people with developmental disabilities (DD waivers) and $7.5 million to reduce the waitlist for the DD waivers. In addition, it supports the elimination of the waiting list for services through the use of federal funds. The recommendation includes large increases in federal revenues for the Public Health and Epidemiology and

Response programs and $3 million to replace nonrecurring revenues in the Public Health and Facilities Management programs, $750 thousand for the naloxone program, $1 million for violence intervention programs, $1 million for firearm safety programs, and $950 thousand for pharmacy and medication records support. The LFC recommendation also supports youth suicide prevention efforts.

Judiciary

The LFC recommendation includes a total general fund increase of $9.2 million, or 5 percent, for the judiciary. The LFC recommendation includes a total of $4.6 million in general fund revenue for targeted compensation increases for judges and staff, a top priority for the Supreme Court. The recommendation also supports two new district court judgeships, one each in the 5th and 13th judicial districts, contingent on enabling legislation. For the Public Defender Department, the committee recommends a $2.9 million general fund increase, or 5.1 percent, for recruitment and retention, especially for rural attorneys. Similarly, the committee recommendation for district attorneys includes a 3.5 percent compensation increase for all attorneys, and an additional 3 percent increase for rural attorneys, for a total general fund increase of 6 percent, or 5.2 percent compared with the FY22 operating budget.

Public Safety

The committee recommends $173.1 million in total revenue for the Department of Public Safety, a $12.8 million, or 8 percent, increase compared with its FY22 operating budget. The committee's recommendation for general fund revenue for DPS of $143.7 million represents a $14 million, or 10.8 percent, increase. The recommendation includes $4.7 million for state police officer pay and $784.7 thousand for targeted compensation increases for other key positions, as well as $2 million to expand state police recruit schools and lateral schools for officers moving from other police agencies. The LFC recommendation partially or fully supports five of the agency's six requested expansions—primarily aimed at increasing civilian staff—with a total of $2.7 million and 35 FTE, including $1.3 million and 18 FTE to provide civilian support to NMSP.

The Corrections Department (NMCD) recommendation is $356.7 million, a decrease of $6.4 million, or 1.8 percent, compared with its FY22 operating budget. The $327.7 million general fund recommendation for NMCD is $1.6 million, or 0.5 percent, lower than FY22. The recommendation reflects the impact significant population reductions should have on overall incarceration costs and reinvests some of these savings in other areas of the department, redistributing $5.3 million across the agency to fund agency priorities, adding $1.6 million for evidence-based reentry programming, and reducing the agency's budget by $1.6 million.

Criminal Justice Reform. The committee's recommendations for NMCD and DPS support initiatives aimed at achieving criminal justice reform through recidivism reduction and police officer training and accountability. In addition to redirecting funds accruing from the drop in population to reentry programming, the recommendation reinvests $500 thousand in supportive housing initiatives for offenders reentering the community. Within DPS, the committee recommends an additional $693.1 thousand for 8 FTE and other operational costs of the Law Enforcement Academy Board, the entity responsible for state oversight of law enforcement officers, as well as $140 thousand to establish a law enforcement assisted diversion program within State Police. Policy changes, such as reducing incarceration for nonviolent crimes and limiting the circumstances under which an offender's parole may be revoked, could significantly reduce recidivism as well as costs.

Compensation

Public employee compensation has fallen behind the private sector because regular wage increases have not kept pace with inflation or overall wage growth. Recognizing this, the LFC recommendation includes a 3 percent salary increase for all state and public and higher education employees effective in the last quarter of FY22 and an additional 4 percent increase to take effect in FY23. The recommendation includes funding to increase the minimum wage paid to state and educational employees to $13.50 per hour and provides other targeted increases for teachers, judges, district attorney and public defender attorneys, state police officers, and adult protective service workers. In addition to funding for salary increases, the recommendation includes funding to cover the employer share of a 5 percent medical insurance premium increase for employees covered under the General Services Department to address the funding shortfall in that program. The recommendation includes funding for a 2 percent increase in the employer pension contribution for employees covered under the Educational Retirement Act; the recommendation funds a 1 percent increase in addition to the 1 percent already authorized for FY23 under the provisions of Laws 2020, Chapter 44. The total LFC general fund recommendation for compensation and benefits is $427 million.

Pensions. The Educational Retirement Board (ERB) pension remains significantly underfunded, despite changes in benefits for new hires in 2019. Last session, the Legislature funded the first of two years of enacted employer benefit increases and FY23 requires another 1 percent increase. ERB had requested a 4 percent total increase, and the LFC recommendation includes an additional 1 percent for FY23, contingent on enactment of legislation, that would increase employer contributions to a total of 3 percent.

Roads

The Department of Transportation (NMDOT), mainly funded with state road fund (SRF) revenues for highway maintenance and federal funds for road construction, has faced budget pressures for years as federal revenue stagnated and SRF growth did not keep pace with cost increases. Some of these pressures have been alleviated by passage of the federal Infrastructure Investment and Jobs Act, which will increase federal formula funding available to NMDOT by $100 million. The LFC recommendation includes this amount in the recurring budget recommendation as well as additional SRF to match the newly available federal funds. The additional funding will be directed to roadway improvements of the existing transportation network.

Tax Reform

The committee recommendation leaves room for tax reform and refunds, including a $400 million plan under committee consideration that would reduce the gross receipts tax by a quarter percent; address gross receipts tax pyramiding, in which businesses pay a tax on the tax charged by businesses that provide them goods or services; and a one-time rebate to New Mexico taxpayers.

Deficiency, Special, and Supplemental Appropriations

Criteria used in building the LFC staff recommendation for special, supplemental, and deficiency appropriations include recommending requests for one-time expenses or pilots, not recommending requests for recurring costs, and funding items that would improve agency outcomes. For requests to extend prior-year appropriations, staff notes how much of the original appropriation is unspent.

The LFC staff recommendation for special, supplemental, and deficiency appropriations totals $519 million, of which $169.3 million is from the general fund. The recommendation includes $31.5 million in supplemental appropriations to the Department of Finance and Administration to implement a 3 percent compensation increase for state employees in the last quarter of FY22, $30 million in special appropriations to the Public Education Department for liability associated with the use of federal impact aid, $10 million to the Energy, Minerals and Natural Resources Department for a community energy efficiency program in underserved communities, $9 million to the Department of Public Safety for police vehicles, and $7 million to the Economic Development Department for the Job Training Incentive Program.

For more info:

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The recommendation also includes $10 million in supplemental appropriations to the General Services Department for shortfalls for health benefits claims, contingent on a 50 percent match from local governments, and a total of $161.9 million, of which $15 million is from the general fund, in supplemental appropriations to the Human Services Department for projected medical assistance program shortfalls.

Federal American Rescue Plan Act Special Appropriations and Other Special Appropriations

The LFC recommendation envisions a cleaner future, fast internet accessible to all, a booming workforce and economy, and smooth highways over the horizon. The LFC recommendation for federal American Rescue Plan Act (ARPA) funding and other nonrecurring funding was built on information gathered during the nine LFC meetings that occurred throughout the summer and fall of 2021. Priority was given to projects or programs that assist the state in recovering from the pandemic in the areas of economic development, social services, education, healthcare, workforce, infrastructure, and natural resource protection. Much of the recommendation was adopted during the second special session of Fifty-Fifth Legislature in December 2021.

For more info:

American Rescue Plan Act and Other Nonrecurring Appropriations
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To address the tight labor market, the recommendation invests in re-employment and youth re-employment, endows faculty positions for nurses and social workers, further endows the lottery tuition and opportunity scholarship funds, and provides for greater work-study opportunities while workers are in training. The recommendation supports the development of public private partnerships and devotes $150 million to projects that convert natural gas to hydrogen, estimated to be 50 percent cleaner than burning natural gas alone. State investment in hydrogen fuel development would put the state in the lead for drawing larger federal grants from the federal Infrastructure Investment and Jobs Act for natural gas conversion.

For infrastructure upgrades, the Department of Transportation (DOT) would receive about $500 million, of which $350 million would go toward road projects statewide, including the Interstate 40 corridor in Cibola and McKinley counties, a new road in Santa Teresa in Doña Ana County, a key corridor in the Permian Basin, and Cerrillos Road in Santa Fe. Other DOT appropriations would improve local roads; upgrade rest stops; plan, design, and construct vehicle charging stations; purchase road equipment; upgrade airports; and beautify the state's roadways. Other infrastructure investments include transfers to the water project fund, infrastructure fund for the unincorporated communities called colonias, tribal infrastructure fund, and a new state office building in Santa Fe. LFC's recommendation would also provide $149 million to improve broadband access statewide.

Information Technology. The LFC recommendation for IT funding totals $139.7 million from all funding sources for 21 projects. The recommendation includes $57.1 million in general fund revenues, $4.1 million in other state funds, and $78.5 million in federal funds. Included in the recommendation is $8.4 million in general fund revenues for the Human Services Department to continue the Medicaid management information system replacement project, with an associated federal funding match of $68 million pending federal approval, and $6.2 million for the Corrections Department to begin developing an electronic health records system.

Capital Outlay and Infrastructure

Priority capital outlay requests from state agencies, higher education institutions, tribal schools, special schools, and local entities totaled $2.9 billion, exceeding estimated severance tax bond capacity totaling $663.5 million and general obligation bond capacity totaling $259.7 million.

The LFC preliminary framework for consideration by the full Legislature includes approximately $290 million authorized from severance tax bonds, $250 million from general obligation bonds, and $36.4 million from other state funds.

Major projects in the framework include $60 million for new New Mexico State Veterans Home facilities, $22.5 million for senior centers statewide, $20 million for a Department of Public Safety Albuquerque command center, $20 million for public safety radios statewide, and $9 million for the Mortgage Finance Authority housing trust fund. The framework includes $206.9 million for higher education institutions, tribal schools, and special schools, and an additional $19 million for libraries statewide. Major higher education projects include $45 million for the University of New Mexico (UNM) Center for Collaborative Art and Technology building, $38 million for the UNM-Health Science Center Children's Psychiatric Center replacement, $22.5 million for New Mexico State University (NMSU) College of Engineering replacement, and $13.5 million for NMSU Health and Education building renovations.

Evidence- and Research-Based Funding Requests Act

In 2019, Chapter 23, Section 4, (Senate Bill 58) was enacted to amend the Accountability in Government Act to bring more information on funding of programs with rigorous evidence of effectiveness into the state's performance-based budgeting process. As a result of the law, state statute now also provides definitions of evidence-based, research-based, and promising programs. For the FY23 budget-making process, LFC and the Department of Finance and

Administration designated five programs across four agencies to collect and report on initiatives being implemented to assess to what degree programs are using evidence-based approaches. Two of the agencies have shifted services to using programs that work, such as the Corrections Department using the Residential Drug Abuse Program and CYFD eliminating their Youth Support Services program, which was not evidence based, in part due to the program inventory process. LFC also used program inventory information, as well as previous research, to expand evidence-based programming at the Corrections Department, leading to more than $10 million specifically recommended in the agency budget for evidence-based programming.

In addition to evidence-based programming identified through program inventories, the LFC recommendation includes significant expansion of evidence-based programming. The LFC recommendation includes over $100 million in FY23 potential expansion funds to invest in evidence-based and promising interventions. This includes $76.4 million to expand extended learning programs and community schools; $25.4 million to expand evidence-based behavioral health, child welfare, and offender programming; $5.4 million to expand prekindergarten (which has been found to have a $6 to $1 return on investment by LFC research); and $5 million for evidence-based re-employment case management. The LFC recommendation also includes continued funding for existing evidenced-based and promising programs, including home-visiting services to new families, recidivism reduction, and pathways to respond to child maltreatment.

Economic and Revenue Forecast

For more info:
General Fund Consensus Revenue Estimate
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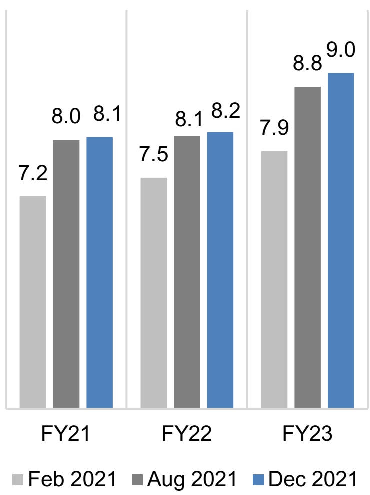
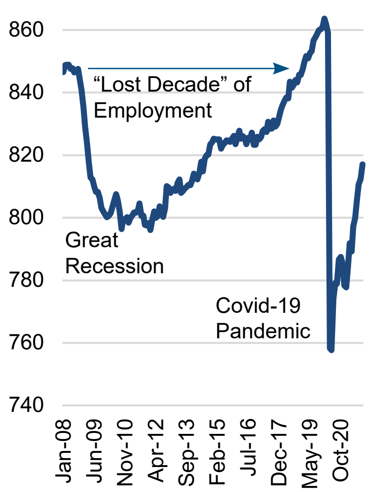
Consensus General Fund Recurring Revenue Estimates
(in billions)



Source: Consensus Revenue Estimating

New Mexico Total Nonfarm Employment
(in thousands)



Source: Bureau of Labor Statistics (seasonally adjusted)

Bolstered by an influx of federal funds supporting individuals, businesses, and the state, New Mexico is recovering from the pandemic-induced recession in 2020. FY21 revenues came in higher than expected, and future revenues are expected to climb due to projected increases in oil and gas prices and production, growing incomes, strong consumer spending, and rebounding employment. While the vaccine rollout has inspired confidence in economic recovery, the pandemic continues to affect supply chains, financial markets, and consumer behavior, and new variants add to uncertainty into the future.

Recurring revenues for FY22 are estimated at $8.163 billion, an increase of $77.9 million, or 1 percent, from FY21. FY21 to FY23 revenue expectations are rising above earlier projections driven by higher-than-expected oil and gas production and prices. Expectations for gross receipts tax and income tax collections also rose due to more consumer spending and wage growth than previously estimated. The strong recovery in oil and gas revenues is pushing severance tax and federal royalty collections even higher above their five-year averages, resulting in larger transfers to the tax stabilization reserve and newly created early childhood trust fund.

Along with federal stimulus funds of $750 million and the replacement of $146.6 million of general funds with federal dollars enacted in the June 2020 special session, FY21 total general fund revenues are estimated to be short of total FY21 appropriations by $100.7 million, which will be drawn from the operating reserve. FY22 ending reserve balances are estimated at $3.258 billion, or 43.9 percent of recurring appropriations, prior to any legislative action in the 2021 session.

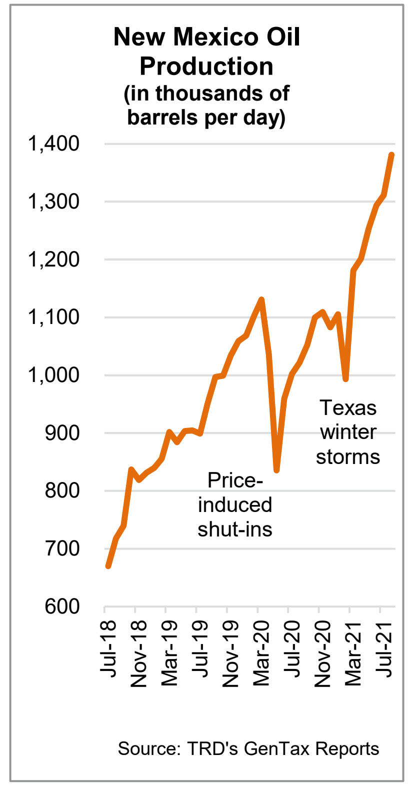
FY23 recurring revenues are estimated at $9.049 billion. "New money," or projected recurring revenues for the following fiscal year less current year recurring appropriations, is estimated at $1.599 billion for FY23, or 21.5 percent growth from the FY22 recurring budget.

Economic Forecast

U.S. Economy

With the rollout of effective Covid-19 vaccines, the U.S. economy is recovering from the pandemic-induced recession, with real GDP growing at an annual rate of 1.4 percent in the third quarter of 2021. Real GDP is expected to continue to grow, albeit at slower rates than previously projected. The international data analytics company, IHS Markit is expecting growth at 5.1 percent through the end of this year, 4 percent in 2022, and 2.5 percent in 2023 as consumption patterns and government support recede to normal levels, the Federal Reserve begins to tighten its monetary policy to combat record-breaking inflation, and the economy reaches full employment.

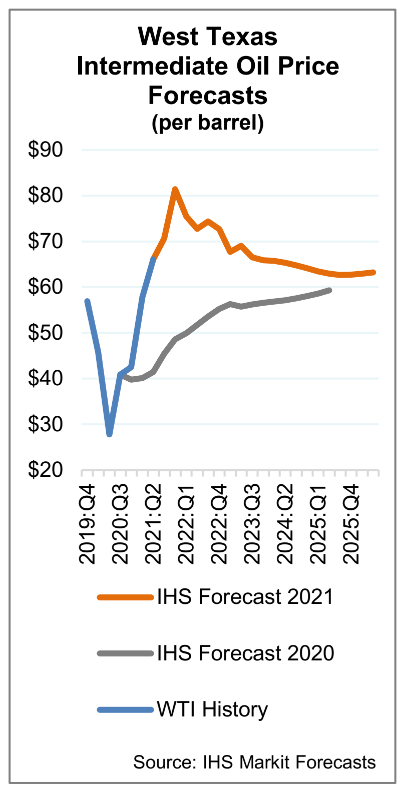
Nationwide, the economy lost over 18 million jobs in the second quarter of 2020. Jobs are rebounding; the economy had recovered roughly 62 percent of jobs lost by the second quarter of 2021. The U.S. Bureau of Labor and Statistics (BLS) is reporting greater job "churn," with both job openings and resignations surpassing pre-pandemic levels. The number of unemployed persons per job opening has dipped below 1 for the first time since before the pandemic, signaling greater hiring difficulties for employers. Labor participation has declined and recovery halted as employees are discouraged from joining or rejoining the workforce because of Covid-19 and workplace safety concerns, a lack of childcare, the shift to virtual learning, and possibly a reassessment of their work-leisure trade-off. While jobs are expected to recover by mid-2022, participation rates are projected to take two more years to fully recover, leaving gaps in the labor force as employers seek to fill positions.



New Mexico Economy

The state's economic outlook is similarly tied to future economic stimulus, broader economic movements, and the success in fighting Covid-19. The consensus revenue forecast expects the New Mexico economy will experience steady but slower than national economic growth through the forecast period.

After reaching the last employment peak in January 2020 (847.9 thousand jobs), employment contracted by 100.5 thousand jobs, or 11.8 percent, by the subsequent quarter as a result of the pandemic. By September 2021, preliminary data from the University of New Mexico Bureau of Business and Economic Research (BBER) and BLS indicates the state had recovered 45 percent of the jobs lost from the start of the pandemic, with total employment still down 55 thousand jobs from the prepandemic peak.



Jobs across the income spectrum are rebounding at different rates. As of mid-August 2021, low-wage employment (less than $27 thousand) was down 18.1 percent from January 2020, while mid-wage ($27 thousand to $60 thousand) employment was up 14.6 percent and high-wage (above $60 thousand) employment was up 15.7 percent, according to data from Opportunity Insights. BBER projects total New Mexico jobs will reach prepandemic levels in the second quarter of 2024.

While employment has a longer road to recovery, total wages and salaries in New Mexico reached prepandemic levels in the last quarter of 2020. Total personal income in New Mexico reached record heights during the pandemic but is slowing in 2021 and beyond. With the end of large federal transfer payments to New Mexicans, total personal income contracted 8.6 percent in the second quarter of 2021 from the previous quarter and is down 0.8 percent annually from last year. As additional stimulus ends in 2021, personal income is expected to decline in 2022 before returning to an average growth rate.

Energy Markets

Global consumption and demand for oil and gas has rebounded from pandemic lows, causing both prices and production in the state to surge as global oil supply catches up. Despite record levels of oil and gas production value, increased collections in severance taxes and federal royalty payments accounted for only 20 percent of the change in the general fund forecast for FY22 and about 60 percent

For more info:
General Fund Financial Summary
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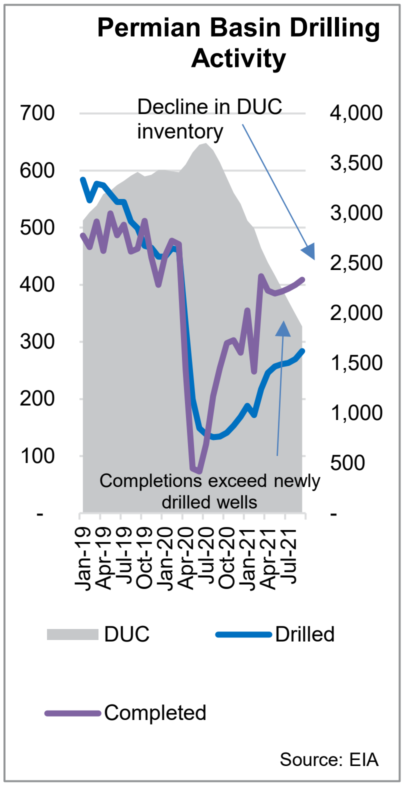
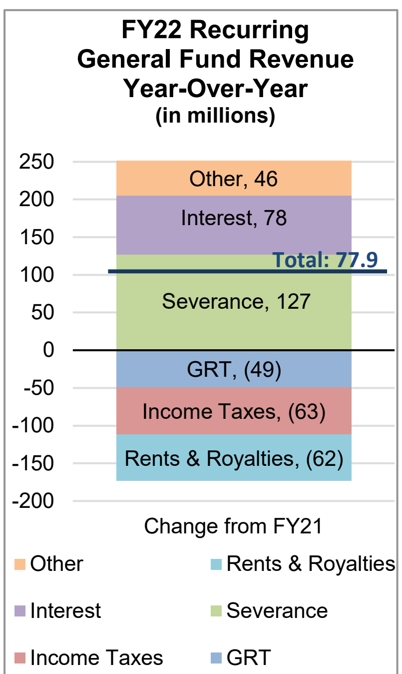




*Severance tax and royalty amounts exclude distributions to the tax stabilization reserve and early childhood trust fund.

of the change in the forecast in FY23. This is primarily due to the stabilization mechanisms policymakers implemented in 2017 and 2020 that send excess oil and gas school tax and federal royalty collections to the tax stabilization reserve or early childhood trust fund.

Both drilling and completion activity in the Permian Basin picked up in early 2021, and completions continue to exceed the number of newly drilled wells. More completions than drilled wells indicates producers are reducing inventories of drilled-but-uncompleted (DUC) wells. New Mexico had 87 active drilling rigs in the state as of mid-October 2021, down from a peak of 117 active rigs in March 2020. Despite fewer active rigs, the completion of DUC inventories accelerated the state's total production recovery. By April 2021, the state reached record level oil production of over 1.2 million barrels per day. To date, New Mexico is the only top oil producing state to have recovered above prepandemic production levels.

The state produced 407.7 million barrels of oil in FY21, a 10.8 percent increase from total FY20 production. At current levels of daily oil production, the state would be estimated to produce 502 million barrels of oil in FY22, growing 3 percent to 514 million barrels in FY23.

New Mexico's natural gas production has accelerated as well. In August 2021, the state produced a record of 6.76 billion cubic feet (bcf) of natural gas per day, and New Mexico produced 2.1 trillion cubic feet of natural gas in FY21, an increase of 16.5 percent from FY20. The consensus forecast estimates natural gas production will average 6.56 bcf/day in FY22 and 6.63 bcf/day in FY23, resulting in estimated production of 2.39 trillion cubic feet in FY22 and 2.42 trillion cubic feet in FY23.

Revenue Forecast

Total gross receipts tax collections in FY21 were much stronger than expected, bringing in $2.9 billion to the state. Among the reasons for strong collections is the impact of federal stimulus legislation passed in March, rollout of the vaccine, business reopenings, and pent-up consumer demand. Combined, these factors resulted in a resurgent GRT in the second half of FY21 that has continued into FY22.

The economic recovery from the pandemic lows of FY21 are most evident in the mining industry, with GRT up almost 57 percent year-over-year through September due to recovering drilling-related activity. Retail trade and leisure and hospitality were two industries also hard hit at the beginning of the pandemic now showing robust recoveries, growing 16.6 percent and 10.4 percent year-over-year in the first quarter of FY22, respectively.

General fund severance taxes, which include the oil and gas emergency school tax, oil conservation tax, resources excise tax, and natural gas processors tax, totaled $820 million in FY21. Legislation enacted in 2017 and further amended in 2020 sends oil and gas emergency school tax revenue in excess of the five-year average to the tax stabilization reserve, or, if general reserves exceed 25 percent of recurring appropriations, to the early childhood trust fund. Because FY21 reserves were 35.4 percent, the excess school tax revenue of $342.7 million was deposited into the early childhood trust fund. With high levels of production and FY22 oil and natural gas prices expected to increase over FY21, severance tax collections are project to exceed $1.3 billion in FY22, of which $824.1 million is expected to be distributed to the early childhood trust fund.

Never before seen in a typical recession, personal income tax (PIT) collections grew at a strong pace despite major job losses. Personal income tax revenues grew at an annual rate of 12.5 percent in FY21, despite employment declines over the same period because of a k-shaped recovery. Higher income households avoided much of the employment losses and continued to experience earnings growth while lower-wage workers lost employment. Because mid- and high-wage workers bear most of the tax burden and experienced strong growth over the year, total PIT revenues are expected to continue to grow reaching $1.882 billion and $2.038 billion in FY22 and FY23, respectively.

Risks to the Forecast

Energy Volatility. New Mexico's dependence on the energy sector makes oil market volatility one of the most significant risks to the forecast, on the upside and the downside. Strong oil and gas prices and increases in production could necessitate an upward revision to the consensus revenue estimate. However, should new virus variants, changes in global oil supply, or other shocks negatively impact prices, the state would face a significant drop in revenues. Given the volatile nature of the industry, requiring related revenues in excess of the five-year average flow into the tax stabilization reserve or early childhood trust fund insulates the general fund. These measures prevent oil and gas revenue surges, which may be unsustainable, from being allocated to recurring budgets and buffers revenue losses from affecting the general fund.

Recession. Although the macroeconomic economic forecasts used to develop the revenue estimates do not assume a return to recession within the forecast period, the economy could experience a slower recovery due to a pandemic resurgence and new containment measures. For New Mexico, this scenario could result in a slower job recovery than the baseline, with the pessimistic forecast expecting employment to reach prepandemic levels well into 2026, or two years later. Because predicting the timing or severity of a recession is difficult, the state's protection against this risk is to maintain sufficient reserve balances, replace fund balances, and restrain recurring budget growth to long-term trends.

A Closer Look

Spotlight: State Population Trends

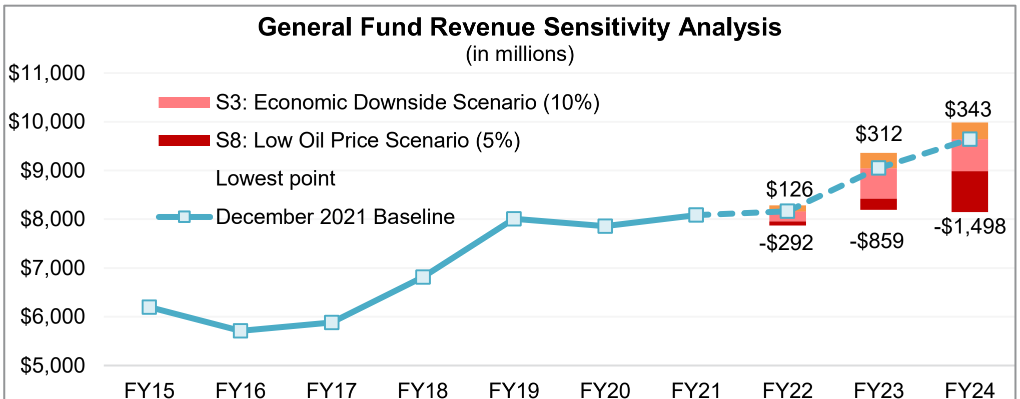
In an April 2021 Evaluation Unit report, staff noted New Mexico's population has stagnated compared with the nation and neighboring states and the population is expected to decline in about a decade.

New Mexico is heading toward having more, older New Mexicans using relatively expensive public services and fewer, younger New Mexicans in school and working.

Birth rates are falling, the number of high school graduates is projected to decline 22 percent by 2037, the working age population is shrinking due to net outmigration.

The state should be intentional about right-sizing the capacity of services and next steps should include focusing higher education and workforce development on future needs.

Stress-Testing the Revenue Forecast



*Includes changes in revenues from severance taxes, federal mineral leasing payments, personal income taxes, and gross receipts taxes. Excludes changes in distributions of excess oil and gas school tax and federal mineral leasing payments to tax stabilization reserve or early childhood trust fund.

Source: CREG December 2021

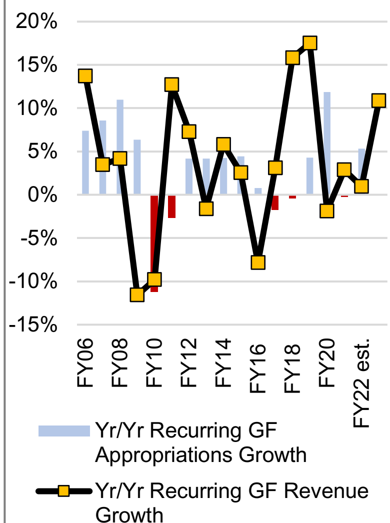
The December 2021 consensus revenue estimates included a sensitivity analysis of select general fund revenues, including severance taxes, federal mineral leasing payments, personal income taxes, and gross receipts taxes, to three scenarios: an optimistic scenario with stronger economic growth, a pessimistic scenario with a weaker economic recovery, and a low-oil-price scenario. While the revenue forecast inherently faces risk, stress testing helps the Legislature prepare by looking at alternative outcomes.

Fiscal and Tax Policy

For more info:

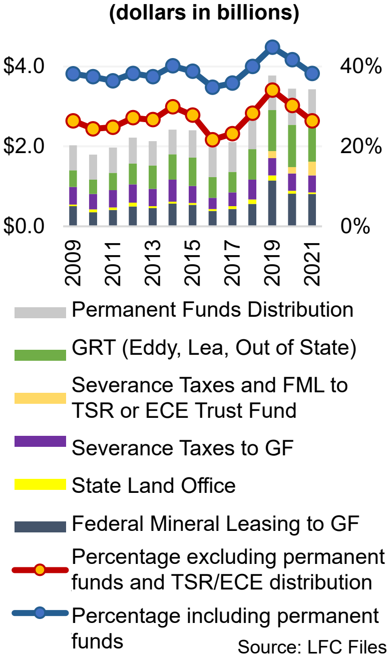
Taxation and Revenue Department Performance Page 162

Recurring General Fund Revenue and Appropriation Annual Growth



Source: LFC Files

General Fund Revenues Dependent on Oil and Gas Industry (dollars in billions)



Source: LFC Files

Defined by a recovering global economy, fiscal year 2021 revenues were driven by rising wages, pent-up consumer demand, and a robust oil market recovery. Rising oil prices and production increases magnify the state's continued dependence on the extractives industry, driving expectations for future revenue growth as a sluggish recovery in employment hints at fragility in more stable revenue sources.

In the upcoming 2022 session, the Legislature's focus is first on a sustainable recurring budget despite surging, volatile revenues in the state's fiscal and economic future. Windfall revenue provides ample opportunity to rebuild state government functions and stimulate economic progress.

Fiscal Stability and Revenue Volatility

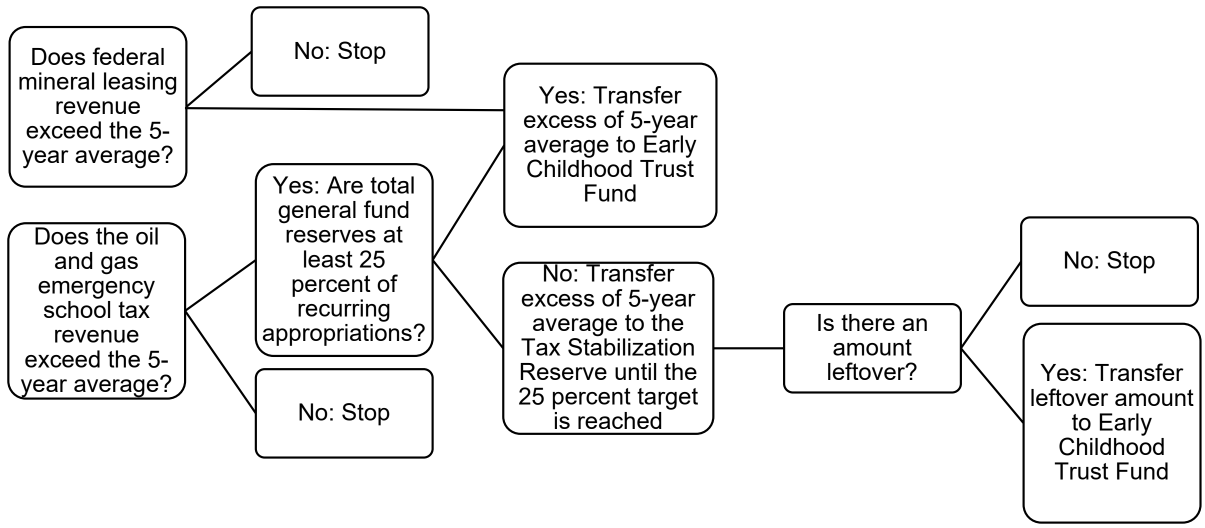
At the core of New Mexico's fiscal instability has been the significant reliance on volatile revenues from the extractives industry. Severance taxes and federal royalty payments made up about 16 percent of general fund revenues in FY21 and are expected to climb to nearly 20 percent in FY23. When including gross receipts taxes from Eddy and Lea counties and out-of-state receipts, also highly dependent on oil and gas activity, revenue dependent on the extractives industry made up 26.3 percent of general fund revenue in FY21 and is expected to climb to 31.1 percent in FY23 as oil and gas production surges in New Mexico.

Though significant work remains, lawmakers have chosen to manage revenue volatility through long-standing permanent funds, newly created tax stabilization mechanisms, consistent fiscal responsibility, and responsible reserve targets.

One of the state's long-standing measures for managing general fund revenue volatility is through distributions from the land grant and severance tax permanent funds, depositories for extraction taxes and other one-time revenue from depletable resources. These distributions are the most stable and reliable revenue streams to the general fund. The distribution formula—calculated as a percent of the five-year average of the year-end balance of the fund—makes this revenue source easily predictable for the upcoming budget year because the actual distribution amounts for the next fiscal year are known prior to the legislative session. The formula also smooths fluctuations in market activity and oil and gas royalty contributions, partially insulating the general fund from sudden shocks. Additionally, the permanent funds provide an intergenerational revenue stream that allows current resource extraction to benefit future New Mexicans.

More recently, the Legislature has implemented revenue stabilization mechanisms further insulating the general fund from swings in the industry. Starting in FY19, revenues in excess of the five-year moving average of severance tax revenues were directed to the tax stabilization reserve fund for use in revenue downturns. This measure helps reduce the general fund's dependence on severance tax revenue,

Above-Trend Oil and Gas Revenue Decision Tree



captures windfalls from the oil and gas industry, lessens the impact of market shocks on the general fund, and provides a specific source of revenue to the rainy day fund.

For example, in the 10 years before implementation of revenue stabilization mechanisms, revenues averaged increases or decreases of 8 percent, annually. Oil production declines in FY16 resulted in a 7.8 percent drop in recurring revenues only to be followed by growth of 15.8 percent and 17.5 percent in FY18 and FY19.

In FY20, the onslaught of the pandemic, ensuing oil market crash, and global recession caused general fund revenues from federal mineral leasing (FML) payments to fall $392 million, or 30.7 percent, from FY19 levels. Due to federal stimulus funds supporting consumption and employment and prior legislative action insulating the general fund from fluctuations in severance taxes, total general fund recurring revenues only declined $148.9 million, or 1.9 percent, in FY20. Due to the stabilization mechanism, total severance taxes to the general fund were nearly flat, contributing to revenue stability.

In FY22, the same stabilization mechanism will be applied to federal mineral rents and royalties, with the newly created, interest-earning early childhood education trust fund as the beneficiary. With regular distributions from the fund, the mechanism provides a stable source of funding for early childhood programs and reduces the general fund's dependence on oil and gas revenues. The expansion of stabilization mechanisms in the general fund continues to support fiscal stability, with FY22 and FY23 recurring revenues estimated to fluctuate 10 percent and 7.1 percent less than without stabilization mechanisms, respectively.

In addition to setting aside oil- and gas-related revenues for permanent funds or through stabilization mechanisms, the Legislature has also provided budgetary stability by committing less than total recurring revenues when revenues are above trend, helping to mitigate the action necessary to adjust for projected revenue declines in the June 2020 special session. Lawmakers have effectively used significant portions of energy revenue surpluses to fund a variety of capital outlay and infrastructure projects, build general fund reserves, replace nonrecurring revenues with general fund dollars, and create new budget stabilization funds.

Using Stress Tests to Inform Reserve Targets

Policymakers can use trend analyses and stress tests to manage long-term revenue fluctuations, avoid committing short-term gains to long-term obligations, and assure adequate and justifiable resources are placed in reserve.

For example, the trend analysis suggested the revenue spikes in FY19 and FY20 could come to an end, and stress tests of the December 2019 revenue estimate found general fund revenues could fall $1 billion to $2 billion below the forecast in the event of a recession or an oil market crash. The legislature used these stress tests to set its general fund reserve targets in the 2020 regular session.

Following the onset of the Covid-19 pandemic, oil markets collapsed, active drilling rigs in the state dropped off dramatically, and the state's oil and natural gas production began declining. This occurred in combination with a global recession, restrictions on business activities, and high unemployment – all of which are expected to take a toll on collections for gross receipts taxes and personal income taxes.

Fortunately, the state was prepared. Strong reserves enabled the legislature to take a "wait and see" approach to revenues, pare back spending in a less painful way, and use reserves to shore up near-term deficits.

Tax Reform Provisions Enacted from 2019 to 2021

Broadening the Tax Base for Adequacy and Efficiency

- Grew state and local gross receipts tax base by including online sales (Chapter 270, 2019)
- Included nonprofit and government hospital receipts in GRT base (Chapter 270, 2019)
- Created a local option compensating tax (Chapter 270, 2019)
- Brought e-cigarettes into the tobacco product tax base (Chapter 270, 2019)
- Brought recreational cannabis into the GRT tax base and imposed an excise tax (Chapter 4, 2021SS)
- Expanded health insurance premium surtaxes to efficiently export taxes (Chapter 136, 2021)

Equity Improvements

- Leveled taxes for local and out-of-state businesses through destination sourcing for GRT (Chapter 270, 2019)
- Created a more level playing field for for-profit, nonprofit, and government hospitals (Chapter 270, 2019)
- Increased the motor vehicle excise tax from 3 percent to 4 percent, bringing the state closer to peers (Chapter 270, 2019)
- Aligned state compensating tax rates for services and tangible personal property (Chapter 270, 2019)
- Helped prevent income-shifting in corporate income tax through combined reporting (Chapter 270, 2019)
- Added parity in the sourcing of services and tangible goods for corporate income tax assessments through market-based sourcing (Chapter 270, 2019)
- Added progressivity in personal income taxes with a new 5.9 percent top rate affecting the top 3 percent of filers (Chapter 270, 2019)
- Expanded LICTR and WFTC to reduce reduce total tax burden on low-income individuals (Chapter 116, 2021)
- Reduced tax pyramiding for manufacturing services and equipment (Chapter 66, 2021)

Finally, the state's strong reserve position allowed the Legislature to emerge from the June 2020 special session, called to adress significant forecasted revenue declines, without making any cuts to FY20 recurring budgets, limited cuts to nonrecurring appropriations, and only small reductions to the FY21 operating budget. The recent success of informed reserve targets and current surge of volatile revenues indicate a need to maintain reserve levels consistent with revenue stress testing. For FY23, these insights inform a recommended 30 percent general fund reserve level.

Tax Competitiveness and Reforms

Effective tax policy should generate enough revenue to fund government operations while avoiding harm to efficient business activity that could arise from high tax rates or poorly designed incentives. Rising gross receipts tax rates, tax pyramiding, and tax revenue volatility compromise exemplify shortcomings of New Mexico's tax system.

Tax Policy and Economic Development

Tax policy affects an economy by influencing supply and demand. High marginal tax rates can discourage work, saving, investment, and innovation, while specific tax preferences for taxpayers or activities can positively or negatively affect the allocation of economic resources. But low taxes can also slow long-run economic growth by reducing resources to provide critical government services, increasing government borrowing, and decreasing public infrastructure investments. Furthermore, poorly targeted tax benefits for economic development can lead to narrower tax bases and distort business decisions away from optimal structuring.

According to the Tax Policy Center, a nonpartisan tax-research venture, an economy's productive capacity depends on the size and skills of the workforce, infrastructure quality (machinery, buildings, vehicles, computers, and other physical capital), and the overall stock of knowledge and ideas. The Kellogg School of Management at Northwestern agrees, finding taxes successfully affect economic growth on the margins when tax policies (1) offer long-term certainty to businesses and individuals, (2) are coupled with wise public investment, and (3) are designed with the principles of efficiency, simplicity, and equity in mind. An economy benefits from these principles in a state's tax system by providing the stability businesses need to make informed investment decisions and certainty the government will fund the infrastructure and services that business requires.

New Mexico's Tax Policy Climate

The Tax Foundation's *2021 State Business Tax Climate Index* compares states on more than 120 variables in five major areas of taxation—corporate taxes, individual income taxes, sales taxes, unemployment insurance taxes, and property taxes. According to the Tax Foundation, states that score well in the index are best suited to generate economic growth.

New Mexico's Tax Rankings	
Overall Rank	23
Corporate Tax	9
Individual Income	31
Sales Tax	41
Property Tax	1
Unemployment Insurance Tax	9

New Mexico's tax climate index ranking is relatively low for individual income taxes and sales taxes, ranking 31st and

41st, respectively. However, New Mexico ranks number one for its property tax climate and ranks in the top ten for state corporate income and employers' unemployment insurance taxes. Overall, New Mexico is in the middle of the pack, ranking 23rd in the 2021 state business tax climate index. The state has ranked between 23rd and 28th in the index since 2014.

Gross Receipts Tax Reform and Opportunities

New Mexico lawmakers implemented several tax reform initiatives in the last three years, many of which were included as part a broad tax package in the 2019 session (Chapter 270, House Bill 6). Those efforts included base-broadening measures to bring previously untaxed goods and services into the state's tax base and equity and fairness improvements in the tax code.

However, several significant issues remain unaddressed. Many of the base-broadening, revenue-raising efforts were accompanied by increases in various tax expenditures, the largest of which included the working families tax credit, low-income comprehensive tax rebate, and film tax credit. However, revenue-generating efforts to broaden the gross receipts tax (GRT) base were not accompanied by reductions in GRT rates or measures to significantly alleviate tax pyramiding, which occurs when the GRT is applied to business-to-business purchases of goods and services, creating an extra layer of taxation at each stage of production.

By lowering the state GRT rate, New Mexico could increase its business tax climate competitiveness nationally and with surrounding states. Arizona, Colorado, and Texas have average combined state and local tax rates of 8.4 percent, 7.72 percent, and 8.19 percent, respectively. By lowering the state GRT rate by at least a quarter percent, New Mexico could have the lowest average combined state and local tax rate of 7.58 percent. Such a reduction would likely cost the state about $175 million in the first year, growing to about $190 million in three years.

GRT Pyramiding and Business Competitiveness. Rising GRT rates exacerbate the burden of tax pyramiding. New Mexico currently has anti-pyramiding provisions for many goods-based inputs, but service-based inputs are still largely taxed. Because smaller businesses are unable to incorporate many professional resources in their operations, tax pyramiding for services like temporary employees, IT, and human resources disproportionately harm small businesses. In addition to lowering the GRT rate, policymakers could support New Mexico businesses by targeting those services for anti-pyramiding provisions in the tax code. As the services proportion of the economy grows and the state faces national and international competition from locations that do not have pyramiding problems, it will become increasingly important for the state to address services-based pyramiding to remain competitive.

Local GRT Rates. While the state GRT rate has remained relatively stable over time, local government rates continue to rise. Between June 2020 and June 2021, six municipalities and three counties raised their GRT rates between 0.188 percent and 0.5 percent. Moreover, New Mexico's state GRT rate is relatively low compared with other states, ranking 32nd as of January 2021, but the combined state and local average rate is the 15th highest in the nation. The most effective tax reform proposals would incorporate reasonable limits to local rate increases to fully realize the consumer and business benefits of lowering the tax rate.

LFC Online: Understanding Government Finances

Finance Facts: Oil and Natural Gas Revenue

LFC TAX POLICY PRINCIPLES

Adequacy:
Revenue should be adequate to fund needed government services.

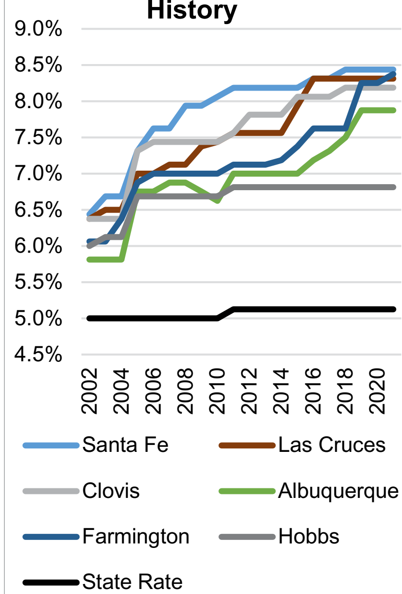
Efficiency:
Tax base should be as broad as possible and avoid excess reliance on one tax.

Equity:
Different taxpayers should be treated fairly.

Simplicity:
Collection should be simple and easily understood.

Accountability:
Preferences should be easy to monitor and evaluate.

Selected Cities Combined Gross Receipts Tax Rate History



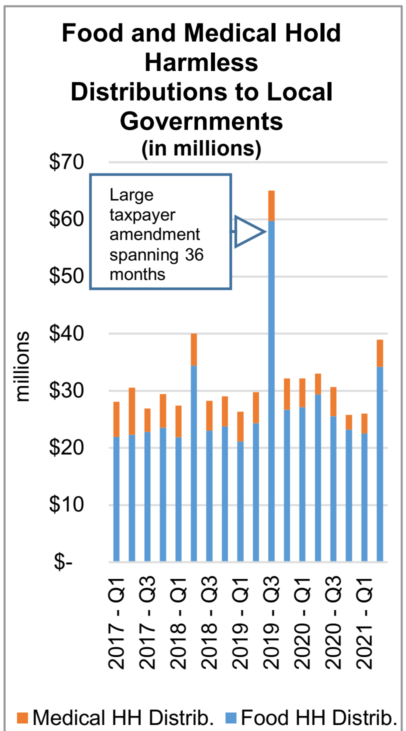
Source: New Mexico Tax Research Institute, TRD

Taxation and Revenue Department Settlement

As part of a recent settlement agreement with Taxation and Revenue Department, 44 local governments will share in a one-time distribution of $50 million. The settlement comes after several years of litigation, in which counties and municipalities alleged TRD improperly allocated GRT distributions prior to FY16.

Under the settlement agreement, the plaintiffs will receive GRT distributions that will be netted against future distributions, which would be redirected from the general fund. Specific terms of the settlement—for example, how much each plaintiff will receive—were not available as of September, and each local government must approve proposed terms.

According to TRD, the settlement does not require an admission of fault by any party or taxpayer, and adjustment to distributions is authorized by statute (Section 7-1-6.15 NMSA 1978).



Source: RP 500

Local Government Finances and Taxes

While local governments saw weak growth in GRT revenues during FY21, they also saw significant federal support and new sources of tax revenue. Local governments will receive over $700 million in federal stimulus funding from the American Rescue Plan Act (ARPA) with significant flexibility in spending the money, in addition to over $325 million received under the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act. Recent legislation legalizing recreational cannabis, shifting internet sales to destination-based sourcing, and increasing motor vehicle excise tax distributions to local governments will also benefit cities and counties.

Federal Support

Federal stimulus funds allowed local governments to replace lost revenue and invest in community projects. As a part of ARPA, New Mexico cities and counties will receive a total of nearly $705 million in fiscal recovery funds (FRF). Counties were allocated $407.3 million total in direct funding, while the state's five largest cities received direct allocations totaling $171.4 million. FRF monies can cover costs incurred after March 3, 2021, and must be obligated by December 31, 2024, and expended by December 31, 2026.

In addition to FRF allocations, local governments also received funds through the CARES Act of 2020, which provided $1.25 billion of stimulus funding to New Mexico through the Coronavirus Relief Fund (CRF). Of this amount, Albuquerque received $150 million and Bernalillo County received $31.8 million, under a formula that provided direct transfers to large cities and counties. DFA distributed an additional $150 million to other counties and municipalities, through an application process. Of that amount, $50 million was intended for small business continuity grants, which local governments were responsible for awarding.

Legislative Changes to Local Government Revenues

Starting in FY20, the state began broadly taxing internet sales (Laws 2019, Chapter 270). In FY22, local governments will begin applying their local GRT increments to online sales of tangible goods and most services, diversifying their tax base and eliminating out-of-state tax advantages. The 2021 special session Cannabis Regulation Act allows for the possession, use, transportation, and sale of cannabis for nonmedical use. Upon full implementation of the act in FY23, local governments can expect to see nearly $9.4 million, with revenues increasing by over 50 percent in FY24 and beyond as the cannabis market expands. Local governments should reevaluate the use of GRT revenue for recurring expenditures as total distributions change and new revenues provide opportunities to reform funding local services or address rising local rates.

Phase-out of Hold Harmless Payments

Total food and medical hold harmless payments, payments intended to compensate municipalities and counties for lost GRT revenue starting when food and medical sales were exempted from tax in 2005, to local governments were $121.4 million in FY21, down by a quarter compared with the previous year. Food hold harmless payments totaled $105.6 million, while medical hold harmless payments totaled

$15.8 million. Hold harmless payments began a phase-out in FY16; payments for larger cities and counties will decline by 7 percentage points each year until reaching zero in FY30. However, continuation of hold harmless payments to small cities and counties exempted from the phase-out is estimated to cost the state around $23 million per year after FY30. The Legislature continues to consider including more municipalities in the phase-out exemption, which would impose additional costs on the state. For example, proposed 2021 legislation (Senate Bill 226) would have created a new exemption category for municipalities with populations between 10 thousand and 25 thousand, applying to five municipalities and costing the state $2.5 million in FY22, increasing in future years.

LFC Online: Understanding Government Finances

[Finance Facts: State Support for Local Governments]

A Closer Look

Tax Gap, Audit and Compliance, and Fraud

In the last five years, the "tax gap" between what taxpayers owe but fail to pay has grown by more than $100 million, partly because agency efforts have resulted in greater identification of owed taxes but not an increase in collections, Evaluation Unit staff reported in a **July 2021 LFC Progress Report.**

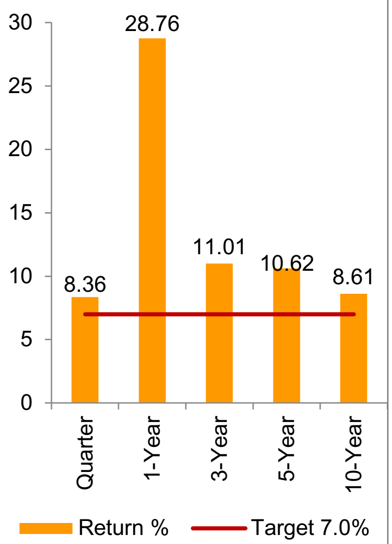
In a follow up to a 2016 evaluation, staff found the difference between taxes owed and taxes collected had grown from $635 million to $743 million. Spending on tax administration increased during the same time, and the Taxation and Revenue Department improved its auditing with additional technology, but the result was an improvement in the ability to assess taxes but not the ability to collect them.

Taxpayers who dodge their responsibilities create a greater burden on law-abiding taxpayers to support government services.

Many of the department's weaknesses identified in the 2016 report continue to be an issue, including high vacancies and turnover among staff. However, the Audit and Compliance Division has generally increased productivity, and division staff assessed an average of $671 thousand per FTE in FY20, a 12-to-1 return on the state's investment.

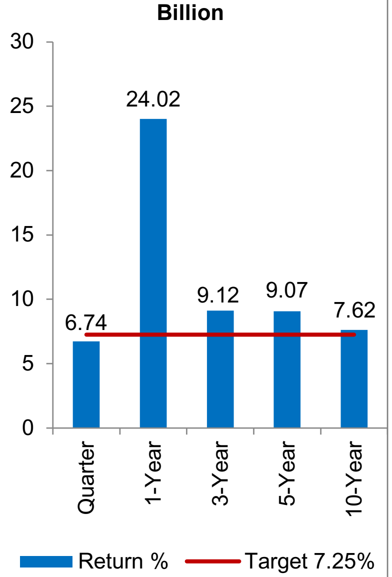
Investments

ERB Total Portfolio Returns as of June 30, 2021
End Balance - $15.840 Billion



Source: ERB

PERA Total Portfolio Returns as June 30, 2021
End Balance - $17.577 Billion



Source: PERA

Soaring markets resulted in record gains for state investments. Driven by the largest recorded federal stimulus, vaccine distribution, and a reopening world, a resurgent economy buoyed asset values and confidence in the economic outlook. However, the state's investments performed worse than peer funds over the fiscal year because stability and risk-aversion continue to be sought by investment management.

Equity markets faced a crisis heading into FY21, with valuations plunging by double-digit percentages and liquidity drying up in the fixed income markets on par with the Great Recession of 2008-2009. Despite the corresponding economic recession, markets have roared back due to enormous amounts of liquidity and unprecedented deficit spending by the federal government. With seismic shifts altering markets and new inflation fears in the U.S. economy, protecting state funds from losses remains a principal concern while maximizing returns to avoid inflationary erosion grows in importance.

Performance Overview

The ending value of the state's investment holdings in FY21—comprising the two pension funds managed by the Educational Retirement Board (ERB) and Public Employees Retirement Association (PERA) and the land grant and severance tax permanent funds managed by SIC—grew by $11.7 billion, or 22.7 percent, to end the fiscal year at $63.5 billion. Over the last five years, the state's combined investment holdings grew by $19 billion, or 42.7 percent.

Asset Values for Year Ending June 30, 2021
(in millions)

Annual	ERB	PERA	LGPF	STPF	Total
Asset Value	$15,840.2	$17,577.4	$23,817.4	$6,234.5	$63,469.5
Value Change	$3,087.2	$2,807.4	$4,892.8	$952.6	$11,740.1
Percent Change (year-over-year)	24.2%	19.0%	25.9%	18.0%	22.7%

Note: Percent change includes investment returns, contributions, and distributions.
Source: Investment Agency Reports

Returns for the permanent funds exceeded the agencies' long-term investment targets of 7 percent for the land grant permanent fund (LGPF) and 6.75 percent for the severance tax permanent fund (STPF) for every period. SIC expects a continued low-growth environment over the next seven-10 years, with estimated returns for the LGPF and STPF at an annualized 2.6 percent and 1.4 percent, respectively.

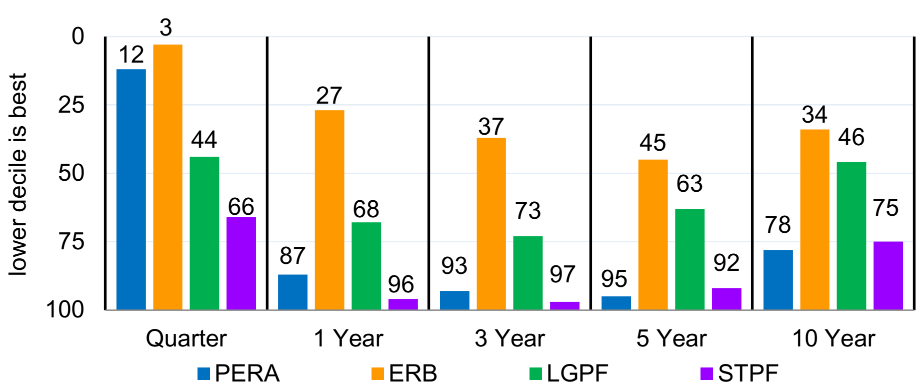
Both pension funds met their long-term target of 7.25 percent (PERA) and 7 percent (ERB) for every period. ERB performed best of all funds and exceeded returns earned by PERA by over 1 percentage point in every period and over 4 percentage points in the FY21 annual return.

Performance Relative to Peers

Despite record annual growth in excess of 20 percent, when compared with peer funds greater than $1 billion on a net-of-fee basis, only ERB performed above the median for all periods, ranking near the top for the fourth quarter. Similarly, PERA's private equity returns supported top quartile rankings for the quarter, though PERA's rankings for all other periods remain in the lowest quartile. The STPF performed near or in the lowest quartile for all periods, while the LGPF performed above the median in the quarter and ten-year periods and in the third quartile for all other periods.

Because New Mexico investment agencies have all prioritized similar policies of risk mitigation, the state's investments tend to perform well relative to peers during periods of market decline. For example, during falling equity markets in the last quarter of FY20, the state's investment funds performed well when compared with peer funds, ranking in the highest quartile for the period.

InvestorForce Final+ Universe Rankings, period ending June 30, 2021 (public funds > $1 billion net-of-fees)



Source: LFC Files

However, lower risk positions tend to perform poorly relative to peers during periods of market upswings. In FY21, for example, PERA and the severance tax permanent fund performed in the bottom quartile when compared with their peer funds as markets strongly recovered; leaving the state out of larger possible returns.

Asset Allocations

The agencies have all pursued diversification strategies to mitigate return risk in moderate or negative return markets, with the understanding that moving away from heavy stock market exposure means the funds might earn less (and lag their peers) in bull markets.

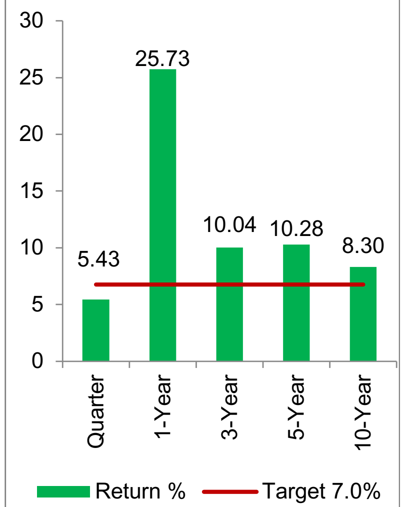
Less than 50 percent of New Mexico's assets are invested in public equities, like the stock market. Three of the state's four investment funds are invested in fixed income assets at an allocation rate between 17.5 percent and 23 percent. ERB is the exception, with most assets in alternative investments, such as real estate, real assets, and private equity.

LFC Online: Understanding Government Finances

Finance Facts: Investment Funds

LGPF Total Portfolio Returns as of June 30, 2021

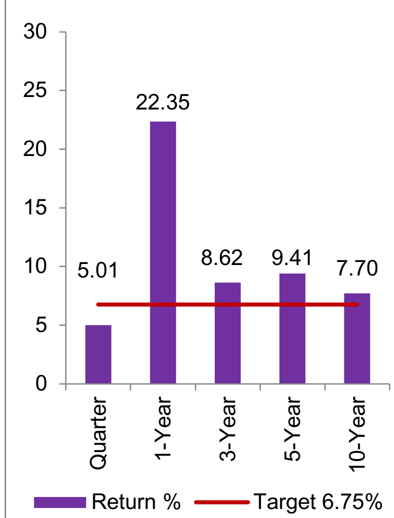
End Balance - $23.817 Billion



Source: SIC

STPF Total Portfolio Returns as June 30, 2021

End Balance - $6.235 Billion



Source: SIC

Child Well-Being

For more info:

[Early Childhood Education and Care Department Performance Page 107]

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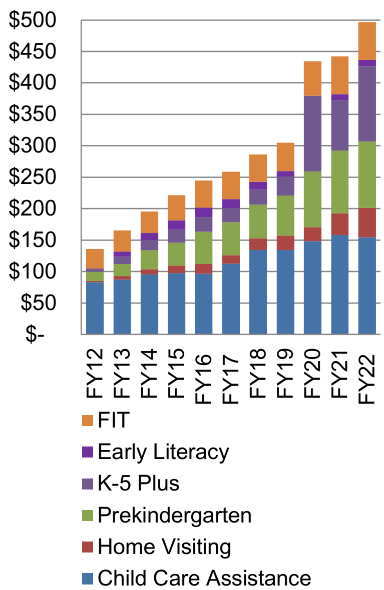
Recurring Early Childhood Funding History FY12-FY22 (in millions)



Source: ECECD/LFC

The Covid-19 global pandemic changed how government services dedicated to improving child well-being are delivered. Services that were once driven by in-person interactions for screening, delivery of curriculum, and connecting with families were largely shifted to virtual settings. Some service providers closed temporarily and others permanently. Additionally, the national workforce markets are changing what service providers must offer to attract and retain a quality workforce. In child well-being, a high-quality workforce delivering in-person evidence-based services in a families' community is essential for improving long-term outcomes. New Mexico must focus on re-building and supporting a robust child well-being system that meets these goals.

The Early Childhood Education and Care Department (ECECD) and Children, Youth and Families Department (CYFD) are the core of the child well-being system in New Mexico. ECECD is the lead agency for early intervention programs, including those for physical development, communications, adaptive, social, and emotional development, and programs such as Childcare Assistance, Prekindergarten and Home-Visiting. CYFD is the lead agency responsible for providing an array of prevention, intervention, rehabilitative and after-care services, including investigating abuse and neglect, providing foster care, adoptions and other permanency solutions, managing behavioral health services for children and their families, including domestic violence programs, and overseeing the state's juvenile delinquency programs and secure facilities.

Early Childhood Care and Education

Childcare Assistance and Covid-19 Pandemic Response

The early days of the pandemic saw childcare attendance drop precipitously, and several hundred providers closed their doors. ECECD responded with emergency measures providing financial incentives for childcare providers that stayed open, including a differential rate per child. In addition, the state began paying Childcare Assistance contracts based on enrollment, not attendance, to help prevent a collapse of the state's childcare industry. The department continued to pay $200 per child per month differential payments through July 2021, spending nearly $25 million from October 2020 to July. In addition to differential rates, ECECD also waived parent copayments. These Covid-19 related policy changes have resulted in significantly increased costs per child.

On top of Covid-19-related spending for childcare assistance, ECECD announced increased rates for childcare providers and expanded income eligibility for families, both of which took effect beginning July 2021. ECECD raised the family income eligibility to 350 percent of the federal poverty level (FPL), up from 200 percent. Childcare assistance now provides a subsidy for families with children between the ages of 6 weeks and 13 years with income up to $92,750 for a family of four—and caregivers who work or attend training or education programs.

The increased provider rates for childcare assistance were based on a recently published cost estimation model. Previously, New Mexico used a market rate study to inform rate setting for the program. The cost estimation model is an alternative methodology that sets rates based on cost reported by childcare providers in the delivery of service, based on the type of care, age of the child, and state licensing and quality requirements.

New Mexico continues to have higher maximum reimbursement rates than the majority of states. A 2019 LFC childcare evaluation found New Mexico was paying more for higher quality care than the federally recommended 75 percent of the market rate and had rates higher than 80 percent of states.

2021 Federal Poverty Levels				
Household Size	100%	150%	200%	250%
1	$ 12,880	$ 19,320	$ 25,760	$ 32,200
2	$ 17,420	$ 26,130	$ 34,840	$ 43,550
3	$ 21,960	$ 32,940	$ 43,920	$ 54,900
4	$ 26,500	$ 39,750	$ 53,000	$ 66,250
5	$ 31,040	$ 46,560	$ 62,080	$ 77,600
6	$ 35,580	$ 53,370	$ 71,160	$ 88,950

The change in eligibility and increased cost per child will affect the Childcare Assistance program operating budget for FY22, the appropriation for which did not assume these changes. As of August 2021, the average cost per child rose to $737, 9 percent above the previous fiscal year and resulting in an estimated cost of approximately $8.8 million annually for every additional 1,000 children enrolled. However, the average monthly cost per child may decline as the department discontinues nonrecurring expenses, such as covering parent co-payments and pandemic-related differentials.

While the cost per child has increased, enrollment continues to lag behind pre-pandemic levels. As of August 2021, monthly enrollment was 15.7 thousand children; ECECD would need to enroll an additional 5,000 children to reach prepandemic average enrollment of over 20 thousand. Previous LFC reports have noted difficulties with enrolling children when recovering from a recession. Program growth will take time because providers will need to scale up and families will need to enter the program; responsible scaling is necessary to avoid implementation problems. Expansion of extended learning time programs by school districts and charter schools will decrease school-age childcare needs.

System Coordination and Quality

Workforce. Across the early care and education system, an insufficient or undertrained workforce has been a barrier to the delivery of high-quality services. In particular, low-wages and a lack of parity between wages paid by public school programs and those paid by the private providers under the ECECD program significantly hinder workforce recruitment efforts. A report from the U.S. Health and Human Services Department found the quality of any early learning setting is directly related to the quality of its staff; however, even early learning instructors

LFC Online: Understanding Government Finances

Finance Facts: Early Childhood Services

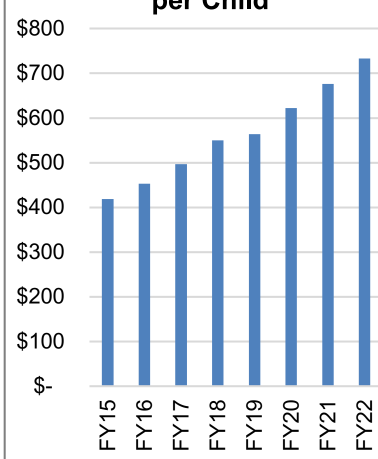
Childcare Assistance is a subsidy program for families with children between the ages of 3 weeks and 13 years whose families make less than 250 percent of the federal poverty level (FPL).

Home Visiting is an intensive parent education program shown to effectively reduce child abuse and improve health. This voluntary program provides family support and basic parenting skills critical to improving childhood outcomes during pregnancy and through the first few years of a child's life.

Prekindergarten is an educational program for 3- and 4-year-olds shown to significantly improve math and reading proficiency for low-income participants.

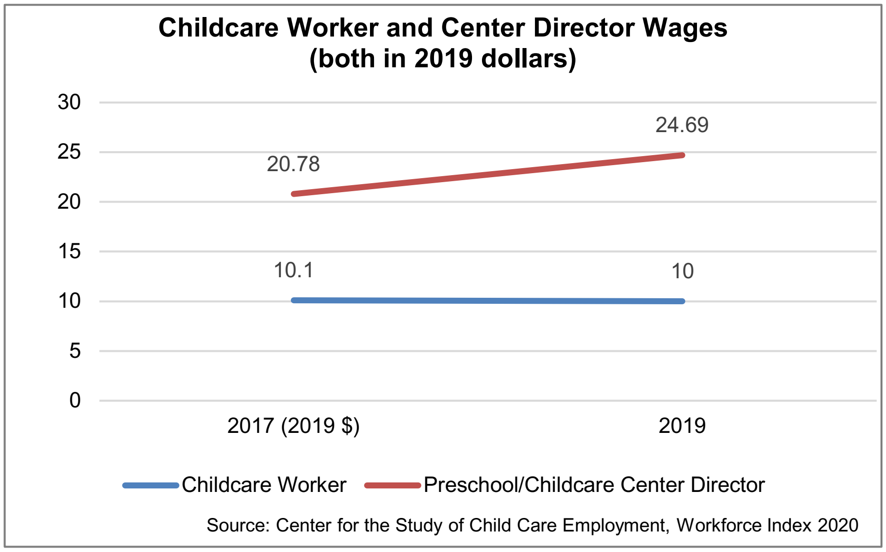
K-5 Plus is an extended school year program focused on increasing time-on-task in schools with large numbers of low-income students.

Childcare Assistance Average Monthly Cost per Child

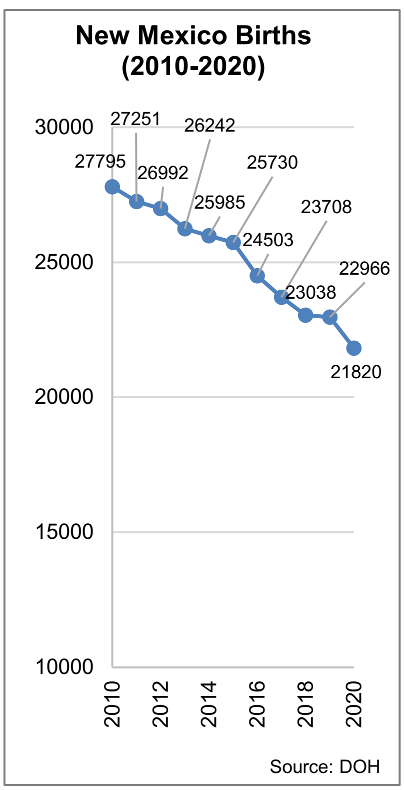


Source: ECECD

with credentials and higher levels of education often earn low wages, making it difficult to recruit high-quality caregivers and educators. Notably, while state reimbursement rates for childcare assistance have increased–New Mexico provider rates are higher than national averages¬–childcare teacher wages have decreased by 1 percent (in 2019 dollars).



At the same time, data from the Center for the Study of Child Care Employment shows childcare center director wages in New Mexico grew by 19 percent between 2017 and 2019. The $10 hourly wage paid to childcare workers in 2019 ranked 39th in the nation. The $24.69 wage earned by childcare center directors ranked 14th in the nation. In light of significantly increased childcare rates, the wage disparity between center directors and childcare workers could increase further unless the state somehow requires childcare worker wage increases. Wage supplements, rather than additional increases in provider rates, are a public policy option already being used that could improve workforce quality and stability. However, if the state continues to increase rates, ECECD should also require a portion of the rate increase be directed to wages.



Coordination. Funding and capacity for the early childhood system and extended early learning have grown steadily since FY12 from $136.5 million in FY12 to nearly $507 million in FY22. This 271 percent increase, along with over $70 million from federal early childhood Head Start and Early Head Start, allowed the state to serve nearly 80 percent of 4-year-olds in FY20.

Due to significant expansion of services and a declining birthrate, competition among providers is problematic. Multiple reports over the last several years identified the problem of a growing but uneven supply of services for 3- and 4-year-old children from multiple programs, such as prekindergarten, childcare assistance, and Head Start. Ensuring community resources are dedicated to quality is essential; otherwise, competition can lead to diminished outcomes. The state's rapid and substantial investment into prekindergarten and childcare has coincided with a drop in Head Start enrollment, leading some programs to lose federal funding, and other programs shifting slots from 4-year-olds to 3-year-olds. Head Start providers indicate chronically under-enrolled programs can potentially lose existing funding and be disqualified from competing for new funding opportunities. Some communities are working on braiding prekindergarten funding from the state–available for public schools from the Public Education Department and for private providers through the ECECD–with federal Head Start funding.

Infant and Toddler Service Capacity. While childcare and prekindergarten for 3- and 4-year-olds is widely available, options for children younger than 3 declined significantly, with infant childcare options the least available to families. LFC analysis shows infant and toddler care for children from birth to age 2 had only 7,000 slots between childcare assistance and Early Head Start in 2018. Parental support and early intervention services for families with younger children, such as paraprofessional home visits, the federally funded Women, Infants and Children nutrition program, and the Families, Infant, Toddlers intervention program for children with developmental disabilities and certain medical conditions, are more widely used by families with children 2 years old and younger. Further, analysis of early care options for families with young children should be a priority of the Early Childhood Education and Care Department.

Family, Infant, Toddler (FIT) is a statewide comprehensive system of early intervention services for children from birth to age 3 diagnosed with developmental delays, disabilities, and serious medical conditions.

Home Visiting

Home Visiting is an intensive parent education program funded to serve 6,300 families in FY21. Some types of home-visiting programs reduce child abuse and improve health for both the child and parent. Traditional face-to-face home visits were not possible for an extended period of time due to the pandemic; analysis of home-visiting services is necessary to determine whether video and televisits have impact and are cost-effective.

Head Start is a federal program supporting the comprehensive development of children from birth to age 5 through early childhood education, child health screening and intervention, and parental supports. The program directly funds providers, bypassing state control.

The state also needs to examine how the various service models match family needs. For example, it is likely some high-risk, high-need families would be a better fit for certain types of high-intensity programs, such as Nurse Family Partnership, whereas lower-risk, lower-need families could be a better fit with lighter touch paraprofessional programs like First Born. Building multi-level service options allows the state to match providers with family needs.

Women, Infants, and Children (WIC) is a federally funded program providing supplemental foods, healthcare referrals, and nutrition education to low-income pregnant women, breastfeeding and nonbreastfeeding postpartum women, and infants and children up to age 5 found to be at nutritional risk.

Medicaid Matched Funding for Home Visiting. Medicaid-matched Home Visiting is one the most important early childhood expansion opportunities available to the state. Prior to the pilot, most state home-visiting programs were funded from the state general fund, federal maternal, infant, and early childhood home visiting (MIECHV) grant funds, and federal Temporary Assistance for Needy Families grant (TANF) transfers from the Human Services Department. Medicaid-matched Home Visiting would allow the state to significantly match federal revenue with state funds. New Mexico started billing Medicaid for the Nurse Family Partnership and Parents as Teachers programs in 2019, with 151 families receiving services through Medicaid Home Visiting in 2020. However, First Born, one of the most promising, home-grown programs, is not eligible for Medicaid funding and more research is likely needed to make the program evidence-based.

LFC Online: Understanding Government Finances

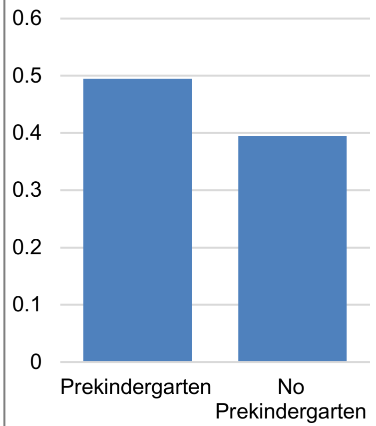
Finance Facts: Childcare Assistance and Licensing

Additionally, the state needs to expand the Medicaid waiver to allow more models to qualify and should include a "light-touch" option for families who want supports but do not need more intensive services, such as home visits provided by nurses. In addition, the state should consider a centralized billing and administration service for Medicaid.

Prekindergarten and Early Prekindergarten

New Mexico prekindergarten is an early education program for 3- and 4-year olds administered by the Early Childhood Education and Care Department (ECECD) and the Public Education Department (PED). Prekindergarten is available to New Mexico families for either half-day or extended-day services. In FY21,

College Entrance Prekindergarten Cohort of 2007-2008 School Year



Note: The statewide average in the 2019-2020 school year was 40 percent, which represents a noticeable decrease from prior years when the college-going rate was around 60 percent (61 percent in school year 17). This sizeable decrease

Source: LFC Files

approximately 11 thousand children ages 3 and 4 received half-day or extended-day prekindergarten services from ECECD or PED. The pandemic brought challenges for prekindergarten implementation, but evidence for the program's effectiveness continues to grow. LFC staff found participation in prekindergarten corresponds with a 10 percent increase in college entrance. This evidence includes a large body of national research, and LFC evaluations have consistently found prekindergarten programs increase math and reading proficiency for low-income 4-year-olds, lower special education and retention rates, and lessen the negative effects of mobility, or a child changing schools throughout the school year.

During the pandemic, all public school and most private New Mexico prekindergarten programs were forced to close in-person programs and to conduct programs virtually. In spring 2021, virtual class sessions lasted on average approximately 30 to 45 minutes, depending on children's ability to remain attentive and parents' ability to assist and support their children in remote learning.

During virtual classes, teachers followed lesson plans and continued to implement learning activities,, taking into consideration what materials children and families had at home to support the activities. In many instances, teachers and schools delivered materials via the bus route or at "grab-n-go" meal sites. Teachers posted recordings of virtual classes on social media outlets and offered supplementary videos for parents to encourage and enhance children's virtual learning experience.

Prekindergarten consultants continued to support programs through online monthly programs and Zoom-based consultant visits. Prekindergarten staff were provided training, support, and guidance on how to implement virtual services, how to make necessary adjustments to support parents' technological capacities, and, if needed, how to help parents access technology.

Previous LFC evaluations found prekindergarten, when coupled with the K-5 Plus extended school year program, nearly closes the achievement gap between low-income and higher-income children.

Future analysis of the pandemic prekindergarten cohorts will indicate how these newly implemented aspects impacted prekindergarteners compared with in-person delivery. Additionally, previous LFC analysis highlighted the need to standardize a quality rating system among all prekindergarten programs. Doing so increases the likelihood of maintaining high-quality prekindergarten programming, crucial for continued improvement in student outcomes.

Safe and Strong Family Bonds

The Legislature has long recognized the need to promote safe and strong children and to expand economic opportunities. Appropriations to the Children, Youth and Families Department (CYFD) have increased 24 percent since FY15, while statewide general fund appropriations have grown 19 percent. Expansions were for preventive Protective Services programs to keep children at home by intervening to strengthen families, behavioral health programs to improve infant mental health and other services for children (more than doubled), and continued support for Juvenile Justice services to rehabilitate youth committed to the department.

The number of children in foster care has decreased 34 percent since 2018 and the number of children in Juvenile Justice Facilities bas been cut in half since 2012.

However, more money will not ensure safe and strong children and families. Despite increased funding and a reduction in the number of children in care, including a 34 percent decrease in costly foster placements since 2018 and half the children in juvenile justice facilities since FY12, the state is performing poorly compared with other states on several metrics. Those metrics include child maltreatment and repeat maltreatment rates. The Covid-19 pandemic posed unprecedented challenges, including reduced interactions between children and teachers and others who report child maltreatment, which made it difficult to know when to intervene. Management challenges persist, including slow implementation of evidence-based programs, high regional caseloads, ineffective oversight, and high turnover among executive leadership and frontline workers.

Recognizing more should be done, the Legislature updated the Children's Code to require the department implement differential response, an evidence-based early intervention program to improve cohesion for at-risk families through prevention. However, the department says the Covid-19 pandemic has slowed the implementation of differential response and the required pilot program.

Prevention

LFC and national research shows, by increasing prevention and intervening early, the state will save significantly by diverting more families from traumatic and costly foster placement. By implementing evidence-based programs, maintaining fidelity to those programs, improving social worker caseload management, strengthening oversight, and stabilizing leadership and frontline worker turnover, long-term outcomes for children will improve and the state will transition from intervening after maltreatment to establishing a statewide system for child well-being and prevention. In New Mexico, a foster care placement costs around $21 thousand a year compared with $3,700 thousand for in-home services, and the average duration of foster care is longer than in-home cases. However, most spending for Protective Services occurs in foster care placement and adoption.

In 2018, the federal government enacted the Family First Prevention Services Act (FFPSA) creating incentives for states to move money from back-end services to front-end prevention services. Prior to FFPSA, states were restricted to using funds allocated under Title IV-E of the Social Security Act for foster care placements. Now states are encouraged to use these funds to reduce foster placements as long as programs are evidence-based and approved by the Title IV-E Prevention Services Clearinghouse. In alignment with this strategy, the Legislature in FY22 earmarked $3.7 million in general fund revenue for evidence-based prevention and early intervention services that could be used to match federal funding.

Differential response is an alternative response to alleged child maltreatment where there is low risk and where investigations may not be appropriate. It allows Protective Services to provide services to a child's family without removing the child from the home. A pilot differential response program was run in Bernalillo County from 2005-2007 and found that families who accepted assessment services had fewer children removed and placed in foster care, and had almost half as many repeat maltreatment reports as families who refused services. Other states have also seen positive effects differential response and the approach is becoming more widely used nationally.

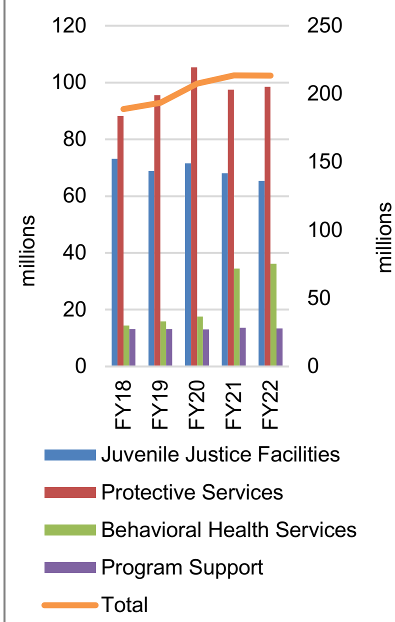
Short-Stay Placements

A May 2020 LFC evaluation found, over the last six years, approximately 40 percent of children placed into foster care in New Mexico stayed for less than 30

For more info:

Children, Youth and Families Department Performance Page 109

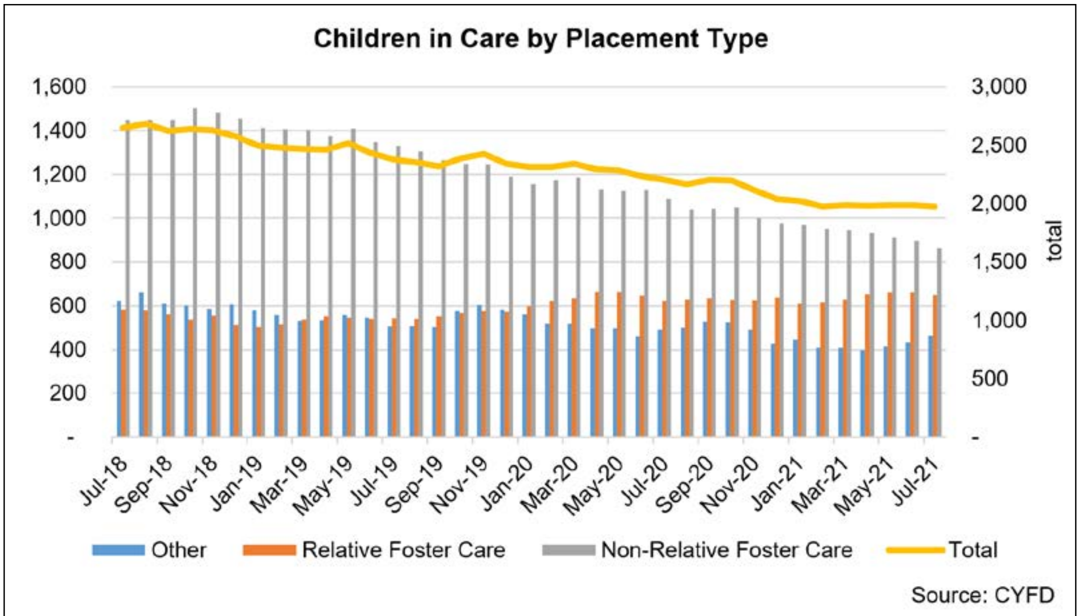
CYFD General Fund History by Program



Source: LFC Files

House Bill 202 from the 2021 Legislative session, sought to codify in law select provisions of the *Kevin S.* Lawsuit settlement by

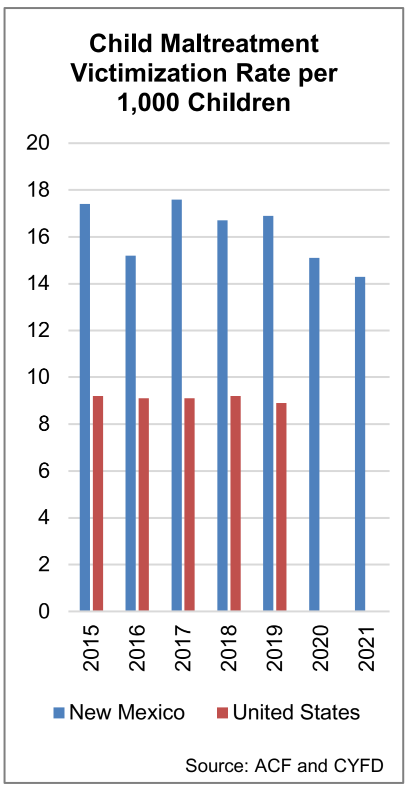
- Requiring the state provide trauma-responsive services,
- Prohibit placement of children in hotels, and
- Prohibit more than three changes of placement within 1,000 days.



Source: CYFD

days, the highest short-term placement rate in the nation. Most of these children only stayed in foster care for eight days or less. Serious abuse and neglect make it necessary to remove unsafe children from their homes; however, in recent years, researchers have identified some of these "short-stay" removals as unnecessary placements that could have been avoided with better strategies or additional resources.

Removal from the home is often a traumatic experience for children and the results can be negative. Children removed from the home report they were not warned they were being removed, were provided with little information or support about their foster care placement, and experienced feelings of fear and confusion. However, in many cases removal is absolutely necessary. New Mexico is one of only four states nationwide that grants law enforcement the sole authority to remove a child from the home based on suspected child maltreatment, potentially leading to increases in placements and short stays.



Source: ACF and CYFD

Foster Care Relative Placement. The LFC evaluation recommended CYFD continue expanding its focus on relative placements, especially for emergency placements, by using tools shown to work in other states to quickly assess relatives for safety when a child needs an emergency placement. Data regarding non-relative placement rates should be tracked by CYFD to help determine how to improve the placement experience for children in care for a short period of time and whether a placement was needed.

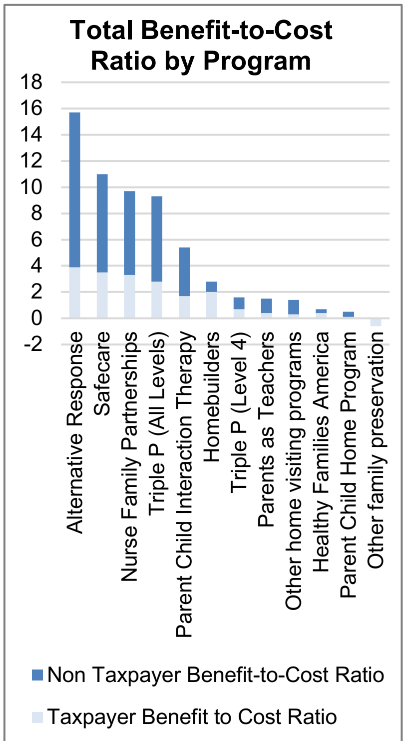
CYFD says it is working to roll out a tool but no solution fits all situations and evaluation is needed to ensure safety.

Short-term placements in foster care for eight days or less cost the state about $14 million. Based on LFC's Results First modeling, one short-term placement in foster care from child abuse and neglect costs New Mexico up to $20.3 thousand through losses to both the state and the child. In 2018, 677 children stayed in foster care eight days or less. If New Mexico were able to reduce the rate of short-term placements in foster care to the 2018 national average, the state would save up to $11.8 million annually.

Youth Incarceration Reform

Since New Mexico implemented a Missouri-like model for youth incarcerated in FY08, the number of incarcerated youth has fallen by half. The reduction is even greater when compared with the early 2000s. The Model is an evidence-based method for rehabilitating youthful offenders. Under the model, the state moved clients with serious offenses from harsh, punitive corrections like settings to settings where offenders focus on rehabilitation with a continuum of services to address individual needs. Other youth, who pose minimal danger, are placed into cost-effective, evidence-based, community rehabilitation programs. Because of the reduction in youth incarceration there is a need to close juvenile justice facilities.

While juvenile justice reform is a bright spot for the state, the needs of these youth are significant and much work remains. Most admitted to secure facilities are diagnosed with substance disorders and other behavioral health disorders, such as psychological trauma or confirmed cases of abuse or neglect. The department's structured decision-making tool identifies family relationships, emotional stability, educational needs, and substance abuse as the top four needs of youth in formal field supervision.

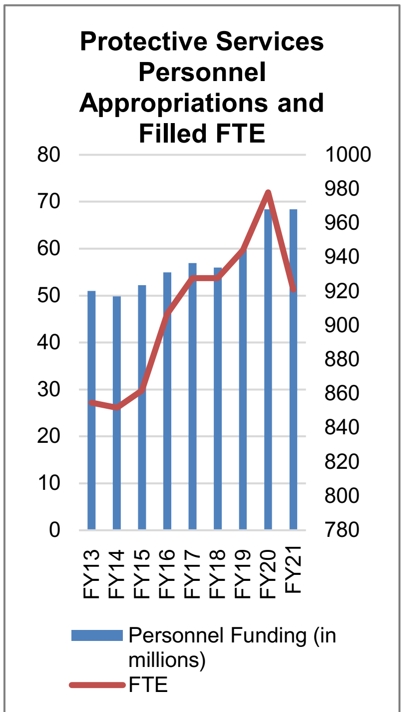


Source: LFC Files

Children's Behavioral Health

Providing children and families with access to behavioral health services for complex developmental trauma is central to the state's success in implementing prevention and early intervention. However, the state's behavioral health network, subject to a disruptive shake-up over the past decade, does not have the capacity to meet the needs of the state's population.

With the state anticipating record-level one-time revenue, the state could build a bridge to Medicaid providers for startup costs to stand up an evidence-based network of services and expand capacity. Startup costs would cover provider certification training for evidence-based services, pay the salaries of individuals while they are in training, and cover the costs of performance monitoring and evaluation to ensure fidelity to newly expanded evidence-based models. Then ongoing costs could be paid with federal funds from Medicaid or Title IV-E Families First. In the past, LFC research identified impactful and cost-beneficial programs, such as Safecare, Homebuilders, and Triple-P, which all have a history in New Mexico, that could be expanded using Families First funding. Expansion of Medicaid-eligible programs would include multi-systemic therapy, family functional therapy, and substance use treatment.



Source: CYFD OpBud and SPO Tool Report

Staffing, Leadership, and Caseloads

Key leadership, field, and administrative positions at CYFD have high turnover or long-term vacancies. Research has identified stability and leadership as key to improving child welfare outcomes. According to Casey Family Programs, turnover rates below 12 percent are considered optimal or healthy. Child welfare turnover rates tend to range from 20 percent to 40 percent nationally, with CYFD Protective Service fieldworker turnover rates ranging between 35 percent to 45 percent over the last several years and vacancy rates ranging from 15 percent to 20 percent. Issues with turnover and vacancies are not unique to fieldworker level positions. Lack of leadership and turnover was also cited by CYFD in its FY19 financial audit (FY19), where management responded to a significant deficiency finding by citing significant turnover in Administrative Services, including "loss of leadership, guidance, and oversight." Similarly, CYFD's FY20 audit cited ongoing "knowledge turnover" to be an issue. CYFD's FY23 request included a substantial increase for Protective Services Program personnel costs, but the department currently has close to $2 million in funded vacancies.

Select Risk Factors for Adverse Childhood Experiences

Family With
- Low income
- Low educational attainment
- Parental stress (economic)
- Isolation
- High conflict

Communities with
- High crime and violence rates
- High poverty rates and limited opportunities
- Easy access to drugs and alcohol
- Widespread food insecurity
- High unemployment rates

Source: Centers for Disease Control

In the last four years, CYFD has had four cabinet secretaries, Protective Services has not had a permanent director since at least 2018, and a deputy director has been acting as director for three years. Another two out of five deputies are in acting roles, most other deputy director positions have turned over in the last two years, and the first director of the Office of Children's Rights recently resigned.

Since FY14, funding for Protective Services personnel increased about 40 percent. Howerver, the department reverted $4.6 million FY19 and $2.6 million in FY20. The statewide average budgeted caseload is 11.5 cases per caseworker compared with the average filled caseload (the caseload per actual worker) of 15.9. The caseloads vary by region and range from 20.7 in the Albuquerque metro region to 12.6 in the southeast region. These caseloads are, on average, four cases per worker higher than the budgeted caseloads and four cases per worker higher than the national standard. A federal Governmental Accountability Office report stated protective services caseworkers in every state visited said turnover and staffing shortages made it harder to make timely and supported decisions regarding child safety.

A Closer Look: Early Childhood Accountability Report

LFC staff reported in the ***2021 Early Childhood Accountability Report*** released in August 2021 that investments in early childhood education are at an all-time high in New Mexico, and evidence for the effectiveness of prekindergarten and early childhood programs continues to grow, but maximizing the return on those investments is challenged by implementation issues and concerns with capacity and expansion.

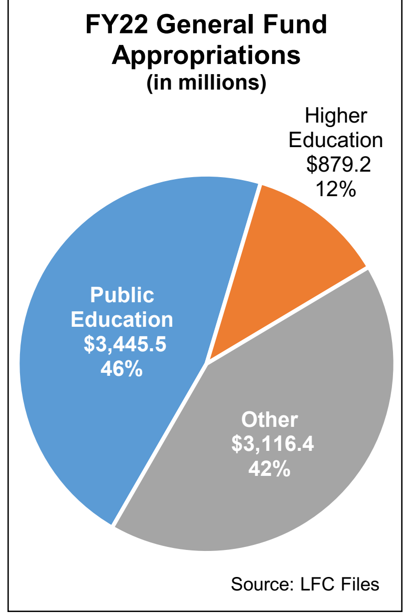
Funding and capacity for early childhood services has steadily increased. In FY22, the Legislature appropriated nearly $380 million to early childhood programing, an increase of over 188 percent since FY12. Additionally, federal stimulus funds provided $435 million for early childhood services in New Mexico, the majority of which must be spent by September 2023. In addition, the Legislature in 2020 created the early childhood education and care fund and endowed the fund with a $300 million appropriation. The trust fund, the repository of excess federal oil, gas, and mineral leasing revenue, will provide at least $20 million for early childhood programming in FY22 and an estimated $90 million by FY26. Further, a November 2022 ballot measure will ask voters whether or not the land grant permanent fund should be tapped for an additional 1.25 percent annually to support early childhood programming. Assuming approval by voters and Congress (required because the fund was established by federal law), tapping the fund would potentially generate an estimated $236 million for education annually.

However, previous LFC analysis has found inefficiencies because of poor coordination and collaboration—expansion of prekindergarten slots across multiple state programs led to overcapacity in some areas—and rapid expansion can sometimes lead to a loss of program fidelity.

To avoid the pitfalls for expanding rapidly, New Mexico should, following the examples set in other states, concentrate on professional development, curriculum and instruction, and robust parental supports.

Enrollment at public schools and institutions of higher education continues to fall, despite a return to in-person instruction. Even with significant missed learning time during the pandemic, a historic influx of federal emergency relief funding, and substantial investments in student financial aid, many public schools are not leveraging funds to increase instructional time, and New Mexico's best high school graduates continue to choose out-of-state options for higher education.

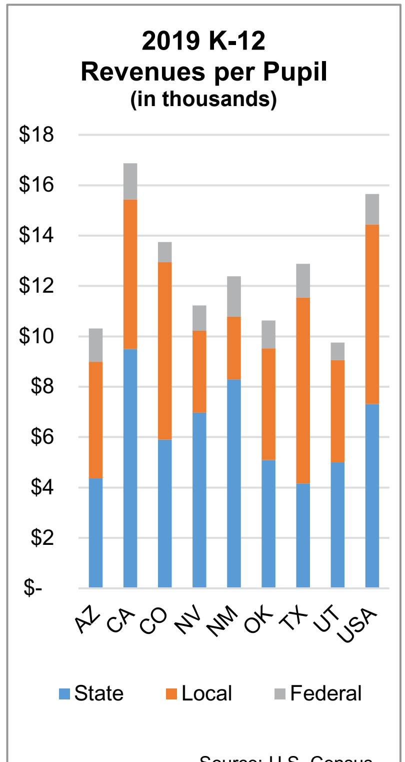
School closures, lost instructional time, enrollment declines, a court order to provide a sufficient and uniform education, and the ever-growing demand for a workforce with specialized skills all point to the need for an education recovery and reprioritization plan. Without statewide changes to instructional time, students who already enter the system academically unprepared will likely remain further behind from this year of lost instruction. Unprepared students then move on to a higher education sector that fails to attract most of the state's highest-performing students. Given the urgency to help students recover from the pandemic and long-standing disparities in student outcomes, the state needs to quickly improve the quality of instruction and expand opportunities for learning time.



For more info:
Public Education Performance
Page 99

Public Schools

The Legislature allocates $3.4 billion, or 46 percent of general fund appropriations, to public schools annually, and the state typically receives about half a billion dollars in recurring federal revenues for public education expenses. According to the *U.S. Census Bureau's 2019 Annual Survey of School System Finances*, New Mexico ranks fifth in the nation for the share of school revenue attributable to state sources—providing over two-thirds of every dollar to schools for their operations and capital expenses. Although the state is the primary funder of public schools in New Mexico, school districts and charter schools have broad, local discretion over budget priorities and programs. This local governance model provides flexibility to address unique regional circumstances but complicates efforts to implement uniform standards or programs statewide.



Martinez and *Yazzie* v. New Mexico

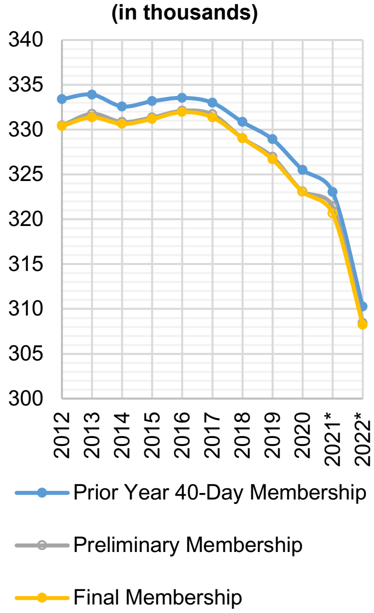
Key to the 1st Judicial District Court's determination in the *Martinez-Yazzie* lawsuit that New Mexico failed to provide a uniform and sufficient education for all students was the state's low student test scores and inequities in performance between at-risk students and their peers. With no testing in FY20 and only a tenth of students opting to take assessments in FY21, the state has no objective information to determine how pandemic-related school closures affected student learning or demonstrate progress to the court. National studies and a 2021 LFC report indicate academic gains for all students this year were lower than pre-pandemic levels, with even lower academic gains for at-risk and younger students.

In 2019, the 1st Judicial District court ruled in favor of the plaintiffs and ordered the state to provide schools with the resources (such as instructional materials,

LFC Framework for Education Reform

- Extended Learning Opportunities
- Quality Teaching and School Leadership
- Responsive and Appropriate Curriculum
- Effective Oversight and Accountability

Student Membership Trends
(in thousands)



*Estimated figures

Source: LFC Files

properly trained staff, and curricular offerings) necessary to give at-risk students the opportunity to be college- and career-ready. The court also ordered the state to establish an accountability system that could measure the efficacy of programs and assure that local districts were spending funds in a way that efficiently and effectively met the needs of at-risk students.

Extended Learning Opportunities

In response to the findings of the *Martinez-Yazzie* lawsuit and interruptions to learning caused by the pandemic, the state invested heavily in two programs that extend the school year, K-5 Plus and Extended Learning Time (ELT). Multiple LFC studies and an independent study found high-fidelity K-3 Plus programs (the precursor to K-5 Plus) improved student academic performance, prompting the court to order the state to fund the program sufficiently. Despite enough funding to serve over half of all elementary school students in K-5 Plus and all students in ELTs, schools reported only 10 percent of eligible students would participate in K-5 Plus and 52 percent of students would participate in ELT. Schools noted teacher burnout, community pushback, and insufficient funding generated from the formula as reasons for opting out.

To encourage participation, the state provided additional flexibility to schools implementing K-5 Plus and ELT. Without assessment data in FY20 and FY21, however, the efficacy of these variant programs remains unclear. Schools that participated in both calendar reform programs in FY22 reported significant differences in program design, such as adding new weeks to the school calendar, supplanting existing teacher professional development days, converting in-person days to remote learning days, or operating schools on Saturdays. Creation of a K-5 Plus 140-hour pilot program for FY22 also allowed some schools to extend each school day by 45 minutes rather than add new instructional days to the year.

Notably, two districts (Central and Socorro) generated K-5 Plus funding in FY22 without adding proportionately more instructional time by switching from a five-day school week to a four-day school week. Given the variation in program design and risk of provisions that authorize more funding for less instructional time, the Legislature should consider statewide policy changes, such as raising total instructional hour requirements, to close these loopholes.

A Closer Look

Pandemic Impacts on Learning

Preliminary estimates in the September 2021 Progress Report, ***Addressing Pandemic Impacts on Learning Outcomes***, indicate students in New Mexico lost the equivalent of 10 days to 60 days of instruction due to interruptions caused by the Covid-19 pandemic. These lost instructional days potentially widen the state's existing achievement gap—given New Mexico's at-risk students start their education about half a year (or 100 days) behind in learning. Recent federal and state appropriations give schools the opportunity and resources to provide extra instructional time and other learning interventions to address lost learning time. However, schools are not equally choosing to use the resources available to help students recover lost instructional time.

Participation in state extended school year programs, K-5 Plus and Extended Learning Time (ELT), remains low. Schools must also spend $181 million, or 20 percent of federal emergency relief funds, on similar extended time programs to address learning loss. Given differing local decisions are potentially exacerbating inequities in educational opportunities, the Legislature should consider mandating ELT for all schools and requiring K-5 Plus for schools with the lowest performance outcomes.

Statewide adoption of K-5 Plus remains a challenge due to long-standing mindsets about school calendars and summer schedules and a lack of accountability for student outcomes. With over $170 million reverting to the public education reform fund in FY22 from undersubscription in K-5 Plus and ELT, the state has significant capacity to fund additional participation and help schools build up programs over time. Voluntary participation in these programs will affect equalization, as high-performing schools participate and low-performing schools opt out. As such, the state should consider how to scale programs statewide, particularly for at-risk students, in a way that does not widen the achievement gap.

The availability of K-5 Plus, ELT, and prekindergarten programs for all at-risk students offers New Mexico an unprecedented opportunity to close achievement gaps at a scale never before achieved. Students participating in all three programs would gain over two years of additional instruction by the time they reach middle school—on par with the achievement gap faced by many students when they enter the system.

Quality Teaching and School Leadership

In addition to boosting the quantity of instruction, the state must raise the quality of instruction by cultivating and retaining effective teachers. While salary increases may improve workforce retention and recruitment, pay alone will not drive educator quality nor keep the best educators in schools. The state should place equal, if not more, attention to strengthening school leadership, improving working conditions, and providing ongoing professional learning opportunities to create and sustain an effective education workforce.

Educator Preparation Programs. More educators are retiring and surveys indicate teachers are experiencing burnout from pandemic-related disruptions. Preliminary data from New Mexico State University (NMSU) suggests the number of teacher vacancies statewide doubled, from 571 vacancies in FY21 to 1,048 vacancies in FY22. Elementary and special education teachers continue to comprise half of all vacancies, with demand for unfilled positions concentrated in Albuquerque and districts serving Native American students. Notably, educational assistant vacancies have also increased substantially, growing from 173 in FY21 to 456 in FY22.

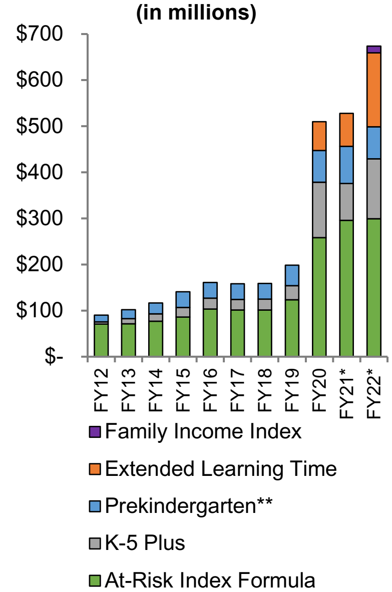
Despite volatility in current retention rates, NMSU reports educator preparation programs (EPP) admitted 1,596 new students statewide in FY22, an increase of 140 students, or 9.6 percent. However, even with renewed interest in the teaching profession, about half of candidates in EPPs are in alternative licensure programs. While alternative licensure programs are less costly and quicker, national trends show these individuals are 25 percent more likely to leave the profession than traditionally trained teachers when controlling for students, schools, and teaching conditions.

A 2020 study by the Los Alamos National Laboratory Foundation (LANLF) found veteran teachers in northern New Mexico were more likely to be graduates of traditional EPP pathways and local residents of the communities where they taught. The study also found few students aspired to become teachers due to perceptions of low pay and respect for the profession and only half of teachers were willing to encourage students to become teachers. With in-state EPPs only

LFC Online: Understanding Government Finances

Finance Facts: Public School Funding Formula

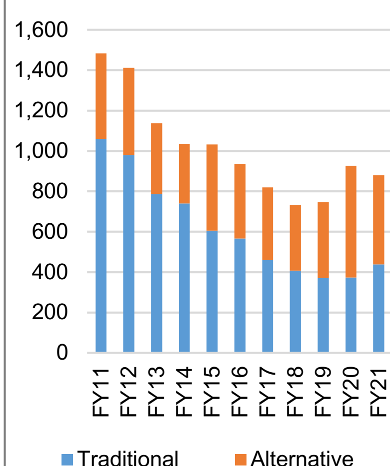
At-Risk Student Program Funding
(in millions)



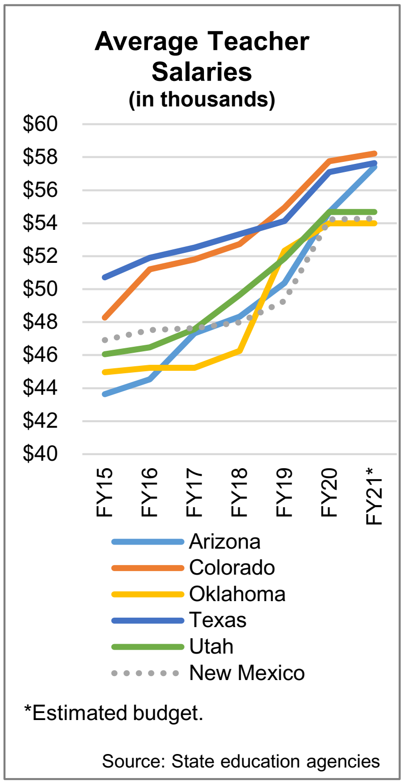
*Budgeted appropriation
**CYFD, PED, and ECECD

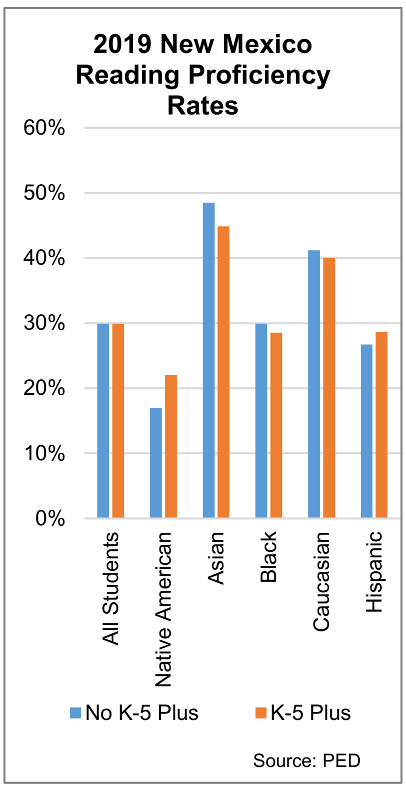
Source: LFC Files

Educator Preparation Program Completers



Source: USDE, SOAR, LFC Files





producing 979 teacher graduates in FY22—about half the number needed to fill new vacancies each year—New Mexico must find educators outside of the state or rely on long-term substitutes to fill classrooms.

Recruitment and Retention. Although educator retirements in FY21 increased substantially during the pandemic (by 1,096 employees, or 40 percent), annual teacher turnover rates have historically been higher than national averages. Between 2014 and 2018, about 25 percent of New Mexico teachers (about 5,000) moved to a different school or left the teaching profession altogether each year.

Nationally, two-thirds of teachers leave the profession for a reason other than retirement. Teachers report family or personal reasons, financial compensation, and working conditions as the major reasons for staying or leaving the teaching workforce. New Mexico does not have a consistent system for tracking why teachers are leaving and where they are going. The state should employ a statewide exit survey to evaluate why school district employees are leaving their positions and use the data to address root causes of turnover.

The Legislature has made substantial investments to build the educator pipeline in recent years, appropriating $20 million in scholarships for teachers, establishing grow-your-own teacher programs, and expanding school funds for mentorship and professional development. However, demand for elementary and special education teachers and high turnover rates remain, and the state continues to lack teachers qualified to address the cultural and linguistic intent of the state's Indian, Hispanic, and bilingual multicultural education acts. As such, New Mexico should consider centralizing recruitment for candidates more likely to stay in the profession, providing incentives to fill hard-to-staff areas, and creating an ongoing learning and advancement system for these educators from day one to retirement.

Professional Learning. School closures forced districts and charters to provide remote learning options for students and training for teachers. In FY20, PED pursued an emergency contract with Instructure, an education technology company, to provide a statewide online learning management system called Canvas for all schools. The system will allow schools to provide online coursework for students and online professional development for educators, and PED is using the platform for the educator evaluation system.

In FY20, PED rolled out Elevate NM, a new teacher evaluation system, largely mirroring the former NMTeach evaluation system but without student test performance or teacher attendance metrics. The new evaluation system will focus on the creation of individual teacher professional development plans instead of a performance score and increase the frequency of administrator observations. While the evaluation places greater emphasis on professional learning, the efficacy of the evaluation system will largely depend on the training opportunities made available to educators after they establish their professional development plans. As such, the state should consider using Canvas as a repository of best practices and learning models in the state and connect teachers seeking professional learning to these opportunities through the online system.

Prior to the pandemic, the state invested heavily in large, centralized conferences for professional development. Despite significant attendance and engagement, the

A Closer Look Indian Education Act Implementation

Although New Mexico has invested about $90 million at public schools and institutions of higher education for purposes aligned to the Indian Education Act, Native American students continue to perform below peers on state and national measures of achievement, according to LFC's 2021 progress report, ***Indian Education Act Implementation***. Delivery of education services between tribes, pueblos, nations, and state entities continues to be challenging and the state has not strategically aligned funding with specific, targeted outcomes. Chronic vacancies in key state agencies and leadership positions further undermines statewide efforts to meet goals of the Indian Education Act.

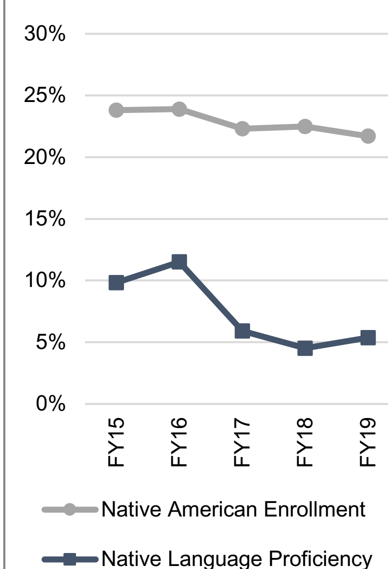
The Indian Education Act requires New Mexico to ensure Native American students receive an equitable and culturally relevant learning environment and support the maintenance of Native languages. The act further requires cooperation and formal relationships between the state, pueblos, tribes, and nations to address Native American student educational needs. With continued need for Native language instructors, access to remote and after-school learning on tribal lands, and appropriate curriculum and materials, the Legislature should consider ways to align resources with performance outcomes. The state should also consider leveraging the cultural and linguistic capacity of pueblos, tribes, and nations to address the learning goals of the Indian Education Act.

state lacked information on whether these conferences changed educator practice. As Elevate NM shifts teacher learning toward a more personalized development planning process, the state should consider supporting educators through teacher-led professional development opportunities and leveraging online systems to share best practices statewide.

Responsive and Appropriate Curriculum

Findings in the *Martinez* and *Yazzie* lawsuit highlighted the lack of culturally relevant instructional materials and programming for students, particularly for English learners (EL) and Native American students. The court found students lacked access to appropriate interventions, like dual-language immersion programs, and educators lacked training and resources to provide culturally responsive instruction for at-risk students. Additionally, the court noted the state failed to monitor or evaluate programs to improve outcomes for Native American students and engage in government-to-government collaboration with tribes on the education of Native American students.

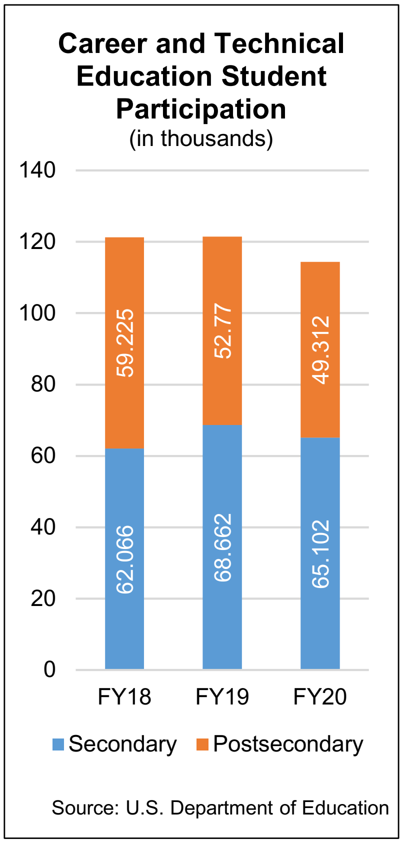
Native American Bilingual Multicultural Education Programs

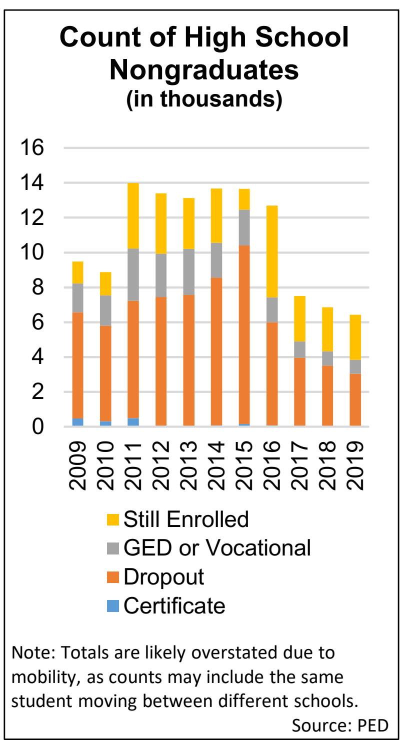


Source: PED

Beginning in FY22, the public school funding formula will no longer credit federal Impact Aid payments or local property tax levies in the state allocation to schools. As a result, schools serving students who live on tribal lands will receive an additional $44 million in formula funding. Despite this targeted allocation for Native American students, stakeholder groups continue to note a lack of coordination between public schools and tribes, pueblos, and nations. In response, the Tribal Education Alliance (TEA), a coalition of tribal education leaders and advocates, has recommended $196 million in direct funding for tribes, pueblos, and nations to address the *Martinez*-*Yazzie* findings related to Native American students.

In FY22, the state allocated $10 million to tribal education departments and tribal libraries for community-based education programs, social support services, afterschool and summer programs, and language teachers and assessments. Key to TEA's framework for addressing the court's findings is building the human capacity and infrastructure within tribes, pueblos, and nations to support Native American students in coordination with the public school system. Given the





disparities in remote and extended learning options on tribal lands, lack of Native language and culture instructors, and ongoing need for tribal-state collaboration, the state should consider ways to improve the pipeline of Native American educators and strengthen the ability of tribes, pueblos, and nations to determine and design educational opportunities for Native American students.

Career Technical Education. Although New Mexico's graduation rate has increased to 77 percent in recent years, about 13 percent of high school students drop out or leave the New Mexico public school system annually, and the remaining 10 percent continue pursuing a high school degree or equivalent as adults. About 40 percent of high school graduates do not go directly to college.

Given the significant number of high school students who do not enroll in college, the state must ensure they are career-ready. Career and technical education (CTE) programs provide students with opportunities to apply academic knowledge and technical skills and learn workplace competencies through hands-on curricula.

According to the U.S. Department of Education, more than 65 thousand students participated in New Mexico CTE programs in FY20, with 15.4 thousand students classified as "concentrators," or students who take two or more CTE courses. The high school graduation rate for CTE concentrators was 88 percent, or 13 percentage points higher than the FY20 statewide average. Studies have also shown CTE programs can help re-engage students who become disengaged and less interested in school.

The top four career clusters among New Mexico high school CTE concentrators in FY20 were arts, audio-visual, and communications (14 percent); hospitality and tourism (13.3 percent); agriculture, food, and natural resources (11 percent); and manufacturing (9.7 percent). However, PED's local needs assessments suggest the most common industry and economic priorities across the state are related to healthcare, science, technology, engineering, math, and region-specific industries like mining and construction.

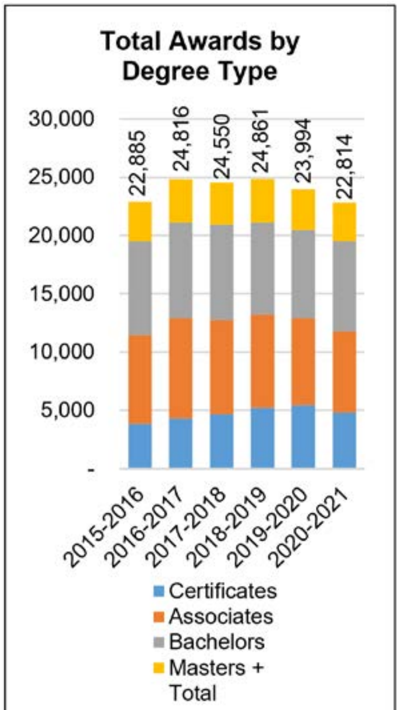
The state should align high school CTE offerings with industry and regional economic needs. Dual-credit programs, which allow students to earn college credit and meet high school graduation requirements, can help students achieve degrees and certificates to enter high-demand professions. Additionally, the state should consider ways to help industry partners and schools provide experiential and applied learning experiences for students as they explore CTE pathways.

Effective Oversight and Accountability

The *Martinez* and *Yazzie* court order explicitly holds PED responsible for ensuring that schools budget funds and operate programs in a manner that address at-risk student needs. To target interventions and resources effectively, PED should use interim formative assessment data to inform resource allocation, and the Legislature should expand PED capacity to provide oversight and technical assistance to schools.

Starting in FY22, schools will begin using new interim assessments developed by Cognia and the SAT college entrance exam to measure student achievement. Additionally, PED is developing an online financial reporting system to track how schools are budgeting at-risk funds, including allocations from the new family income index. Streamlining the reporting of achievement metrics and school spending trends will be foundational to identifying areas of high need across the state and providing timely recommendations for shifts in operational practices.

While the court in the *Martinez-Yazzie* case used student test proficiencies, high school graduation rates, and college remediation rates as indicators of educational sufficiency, the ultimate intended outcome was ensuring all elementary and secondary students were college, career, and civics ready. To measure readiness, PED needs a robust monitoring and reporting system that is not administratively burdensome, provides timely feedback, and holds schools accountable for corrective actions.

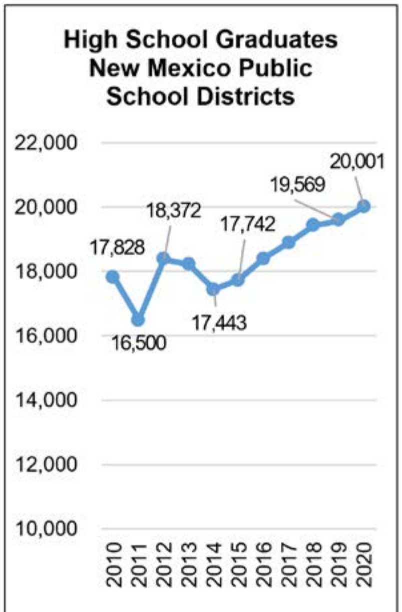


Source: LFC Files, HED Funding Formula Data, 2021

Higher Education

The higher education sector in New Mexico is at an inflection point. State appropriations have increased, workload has not. Legislators are confounded by these starkly diverging outcomes. Institutions' leadership suggest their success—increasing number of college credentials—is contributing to enrollment declines on campus and suggest they are doing exactly what the higher education funding formula intended, meeting the state's goal of increasing the number of New Mexicans with a college credential.

Deemed a success, the higher education funding formula has incentivized colleges and universities to focus on student outcomes and degrees and certificates have increased more than 22 percent during its first five years of operation. Overlooked, however, is that growth in awards has been driven by sub-baccalaureate certificates, earned by students at two-year community colleges. Total awards are beginning to decline as the student enrollment pipeline has been drying up for almost a decade. Awards decreased by almost 1,200 awards in FY21.



Source: NM Public Education Department, Graduation Data, 2010 to 2021

Other leading indicators within the system show declining performance: (1) More students are graduating from high school every year but enrolling in college at a lower rate. (2) New Mexico loses its highest performing high school graduates to out-of-state institutions. (3) Women are enrolling in college at a greater rate than men. (4) Dual-credit instruction has begun to overtake two-year community college workload on some campuses. (5) Student transfers from two-year colleges to four-year universities have declined over the past five years. According to HED, more than 10 thousand New Mexicans enroll in online academic programs offered by out-of-state institutions.

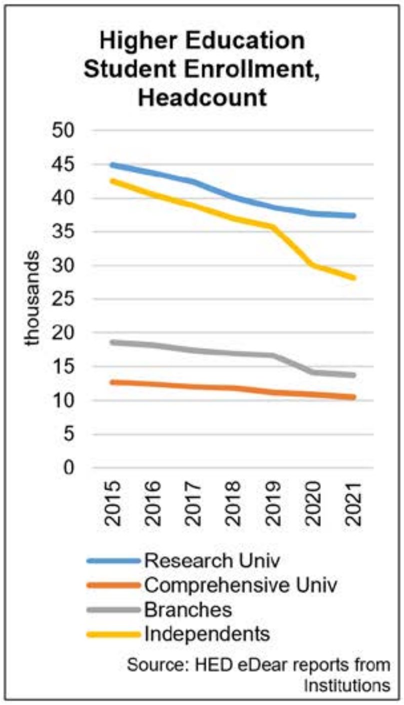
Remarkable state investments challenge the premise of affordability as a limiting factor to enrollment. Tuition at New Mexico public colleges remains the third lowest in the country; New Mexico offers its citizens remarkable access to a postsecondary education with 17 two-year community colleges, four regional universities, three research universities, four tribal colleges, and a military junior college. These institutions offer New Mexicans three times the number of academic programs than Texas and twice as many as Arizona per 100 thousand adults.

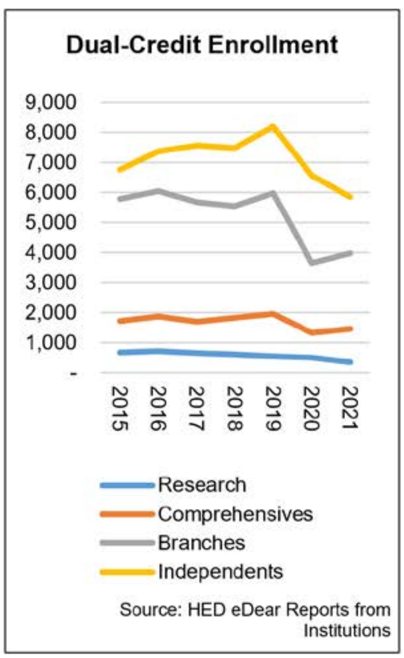
For more info:

Higher Education Performance Page 102

Investments in student financial aid peaked in FY22; the lottery scholarship will fund 100 percent of tuition expense this year with the opportunity scholarship filling the gap. Eligible New Mexico students will have tuition and student fees covered. For instruction, state funding per full-time-equivalent student has grown by 41 percent from $6,000/FTE in FY13 to $8,400/FTE in FY20.

Enrollment declines on campuses are negating the increase in state investments. A 1 percent decline in college enrollment translates to a loss of $3.2 million in tuition revenue. Institutions have missed out on $64 million of annual revenue because enrollment losses have been greater than 20 percent since the peak in 2011. The significant decrease in enrollment provides an opportunity to rebalance the financial incentives in the formula that drive performance.





College Enrollments

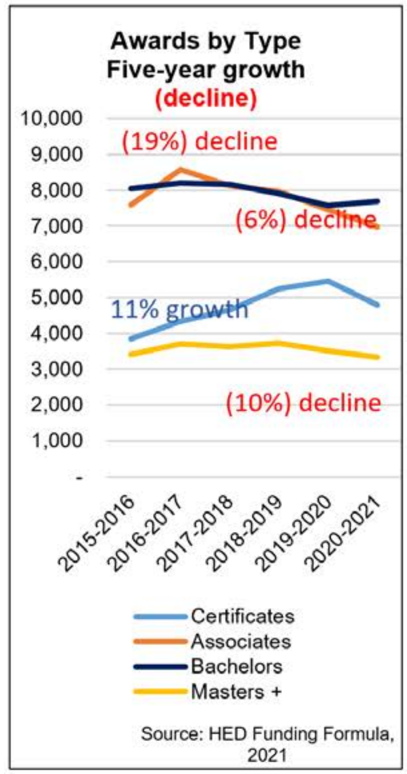
Enrollment dropped to fewer than 90 thousand students in the fall 2021 semester, following almost a decade of colleges and universities losing students. Over the past five years, the system has enrolled an average of 109 thousand students every year. Higher education officials blame the declines on an aging population, college affordability, and other factors–including the Covid-19 pandemic and doubts about the value of higher education in New Mexico–but mainly on constrained financial support.

The coronavirus pandemic's effect on enrollment was extraordinary for two-year college campuses. Two-year colleges, originally, anticipated a boon to enrollment during Covid-19 because of its strategic decision to offer online-only education. Students, however, did not follow suit. In the five-year period preceding the coronavirus pandemic, total enrollment declined by 13 percent, or 16.4 thousand students, affecting the four-year and two-year sector almost evenly. During the pandemic, institutions lost another 9,400 students. Two-year colleges absorbed 87 percent of the losses.

Impact on Low-Income Students. Despite growing numbers of high school graduates, the National Student Clearinghouse (NSC) reports low-income students are significantly less likely to attend college, with 61 percent of New Mexico graduates attending college, but just 54 percent low-income students. At the secondary level, high schools with higher proportions of low-income graduates had lower college-going rates overall. These data indicate there is a college-going gap between low-income and non-low-income students, despite the substantial investments made by the Legislature to make college affordable.

High School Recruitment. Based on PED student data files, NSC matched more than 10 thousand students who graduated in spring 2020 and enrolled in college in the following fall semester. These students graduated in the midst of the coronavirus pandemic. Seventy-eight percent of this student cohort selected an in-state college or university and 22 percent left the state. For those students who went out-of-state, New Mexico's neighboring states enjoyed the most enrollment from New Mexico graduates.

Declining Number of Transfer Students. An important share of new student enrollment at a four-year institution is students transferring from a two-year college. As an example, the number of transfer students from Central New Mexico Community College to University of New Mexico has declined by 22 percent over the past five years (fall 2016 to fall 2020). For some institutions, transfer students can constitute a sizable portion of enrollment. More so, the two-year to four-year path is important for students who seek a four-year degree but may need co-remediation, financial support, or greater flexibility. The trend of declining student transfers could be a signal of administrative obstacles discouraging students.

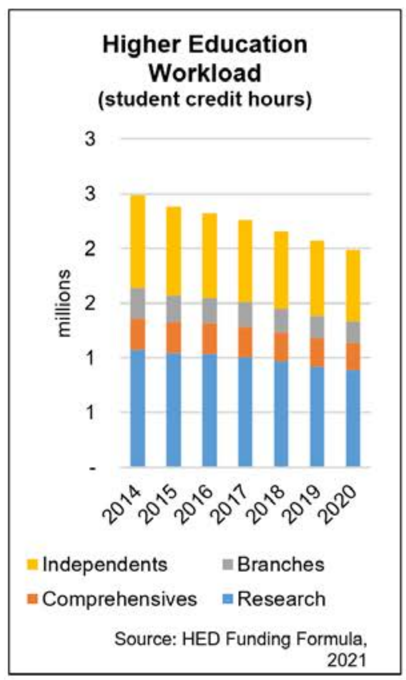


Dual-Credit Student Growth on College Campuses. Dual credit was developed in New Mexico, in part, as a recruitment strategy to attract more high school students to college campuses. The plan was to allow high-school students to take a college-level course, become acquainted and confident, and accrue credit. However, while dual credit–measured by the number of students participating–has been successful, it is not translating to additional college enrollment. Students who earn dual credit at a two-year college are not choosing the same institution to pursue a college degree. In a 2017 report, LFC staff found participation in dual credit was less related to eventual college success for students than was a student's general academic aptitude as measured by ACT scores.

Data Limits on Students who Withdraw. New Mexico institutions do not track students who withdraw from their colleges or universities, creating a gap in data about student outcomes. Commonly reported performance metrics across the higher education sector revolve around retention rates and graduation rates. Retention rates speak to the number of students who return to the same campus after the first year; graduation rates speak to the number of students who graduate within two years from community colleges and four years from universities. These conventional measures focus on first-time, full-time cohorts of students. Missing from the data set are first-time part-time students, representing almost 70 percent of the students at two-year community colleges. Considerable enrollment losses occur after the freshmen year and before graduation. Limited data exists to inform policymakers on possible structural improvements to resolve this problem.

Improving Performance through the Funding Formula

Legislators, over the past three years, have examined constraints in the system, culminating in 2021 with the creation of a higher education subcommittee of the LFC. The subcommittee focused its work on the funding formula and its impact on performance among institutions. The subcommittee's work was designed to complement similar analysis from Higher Education Department (HED), whose leadership announced early in 2021 the formation of a task force to examine the formula and recommend revisions.



Leveraging prior LFC analyses of the funding formula and its mechanics, the subcommittee found the distribution of funding has not changed materially since the introduction of the formula. Shifts in funding from one sector to another have been minimal. Instead, non-instruction and general operations (I&G) formula adjustments have lessened the impact of revenue loss on several institutions that lost students and workload.

The Legislature has the opportunity to revise aspects of the funding formula to have a greater impact on performance, ensuring more students who enroll in college are successful.

Short-Term Revisions. The Legislature is not required by statute to use the funding formula put forth by HED and can amend the measures through its budget recommendation. If the Legislature makes changes, it is important to choose

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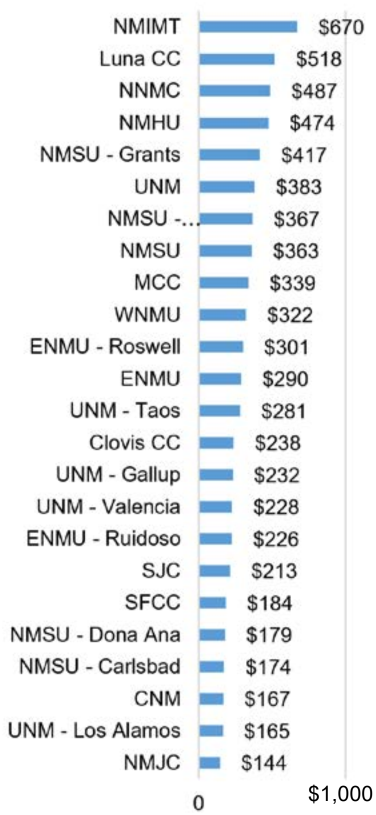
Finance Facts: Higher Education Funding



State Funding Per Full-Time-Equivalent Student

Source: LFC Enrollment, Workload and Financial Files.

metrics that can be easily measured and are readily available.

Two new measures could be included in the FY23 or FY24 recommendation for the funding formula: a measure addressing enrollment and a measure incentivizing student transfers. Data on enrollments is robust and reliable. It could be used to support a recommendation to revise workload measures in the funding formula. HED also captures data for student transfers. Perhaps more complicated, HED data could be used to reward two-year colleges that transfer students to four-year universities to reverse the downward trend on student transfers or those of out-of-state institutions.

Long-Term Structural Revisions. Revisions to the formula could be foundational for charting a long-term trajectory on how the Legislature incentivizes colleges and universities to meet the education needs of the state. In particular, perceived inequities of the formula will need deeper study into the remedies. One area of focus should be on total revenues supporting I&G expenditures. As several LFC briefs have shown, many colleges or universities in New Mexico are highly reliant on state appropriations or on local property tax revenue. The result is that these institutions are desensitized to declining student enrollment.

Another topic for study is the use of awards as a measure of performance. Awards are used to show the number of students who are graduating with degrees or marketable certificates. However, the awards category includes several types of sub-baccalaureate certificates that end with a final credential. The concept of an award (the primary measurement for the formula) has become obscured by valuing a bachelor's degree like a sub-baccalaureate certificate. Equating, in the funding formula, the investment for a student to earn a bachelor's of science degree in chemical engineering with a student who earns a certificate for completing their general education requirements is unfair. The normalization factors used to remedy this difference are not well understood and create frustration among policymakers that the formula is not treating institutions equally.

Nonformula Investments to Advance Higher Education

Outside of the funding formula, the Legislature has an opportunity to address several major challenges in higher education with substantial investments in core areas. College and university presidents have testified on the need to become competitive for faculty and research funding, often arguing the two pieces are inextricably linked. Student leaders have argued for the need to address college affordability on top of the cost of tuition, homing in on the total cost of attendance.

Student Financial Aid and Support Services. The tremendous levels of state student financial aid can be continued but could be expanded to address the larger costs of attending college. This support should be matched with institutional investments in student support services, called wraparound services, and investments in student data management systems. Paramount to student support systems are the data analytics software systems colleges across the country have used to track student progress toward degree completion. The lottery scholarship offers a good example, students who earn 15 course credits per semester graduate on time and with fewer excess credits. Conversely, many students who lose eligibility for the lottery scholarship experience financial challenges after ineligibility, which can alter their postsecondary plans. The ineligibility may have resulted from one difficult semester. Institutions do not track the type of data that would allow them to support students before they lose scholarship eligibility. The Legislature could provide more flexibility on lottery scholarship by expanding time students can earn the required course credits, such as allowing summer sessions to make up deficiency or requiring 30 credits a year, rather than 15 per semester.

Compensation for Faculty and Staff. According to leaders in higher education, New Mexico institutions cannot match compensation packages offered to faculty throughout the country. New Mexico remains in the bottom 10 states in faculty compensation at both four-year universities and two-year community colleges. Several universities report it is difficult to retain top faculty who generate significant research activity.

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Finance Facts: Lottery and Lottery Scholarship

Faculty and University Endowment Fund. Aligned with faculty compensation, faculty teaching positions funded through endowed teaching faculty positions could be useful to New Mexico in meeting its workforce gaps for teachers, social workers, nurses, and other high-demand fields. New Mexico has fallen behind in attracting teaching candidates to these fields.

Academic and Research Excellence. Major investments to obtain the best-in-class faculty or to provide matching funds for hard-to-win research grants could elevate New Mexico's research profile throughout the country. Investments in public university endowment funds could support institutional ability to raise private funds by using these funds to leverage large private, philanthropic contributions to a university. Investments in a research excellence fund could offer faculty a source of funds to match research grants that have been out of reach.

Economic and Workforce Development

For more info:

Economic Development Department Performance Page 112

Total Cost per Job		
	JTIP	LEDA
FY15	$ 5,300	$ 5,000
FY16	$ 6,000	$ 10,400
FY17	$ 12,563	$ 29,200
FY18	$ 8,839	$ 4,025
FY19	$ 8,144	$ 13,272
FY20	$ 4,541	$ 39,688
FY21	$ 7,994	$ 15,408

Source: EDD and LFC Files

LFC Online: Understanding Government Finances

Finance Facts: Business Incentive Programs

For more info:

Tourism Department Performance Page 115

Defined by the pandemic recovery, New Mexico's workforce continues to lag behind other states in total employment, wages, and participation. Though state government alone cannot reverse such trends, sound policy and targeted investments can support business activity and expansion. To avoid another "lost decade" in New Mexico, which followed the great recession of 2008, agencies supporting the state's workforce must improve outcomes in incentives and training programs.

State Role in Recovery and Beyond

After a year of adapting an already fragile economy to an unprecedented global health pandemic, New Mexico is finally on the road to recovery. Cultural sites and museums have reopened, and the Tourism Department reports visitation to the state has increased over FY20 lows. However, the state still faces many challenges, and as the main hub for economic development in the state, the Economic Development Department (EDD) is most responsible for targeting public resources where they are most needed, developing tools for businesses other than direct cash assistance, and ensuring business incentives are consistently and effectively allocated to equip New Mexico to not simply recover from an unprecedented year, but to succeed in a rapidly shifting economy.

While, overall, jobs created through EDD efforts surpassed prepandemic levels, rural New Mexico did not see a similar recovery; the department created only a third of the jobs in rural areas as it did two years ago. EDD requested additional funding in FY23 for regional representatives, employees who reside in rural areas and serve as access points for local and potential businesses, to help address the issue. Though additional regional representatives could increase rural New Mexico's development capacity, the department cannot solely depend on hiring personnel in a strained labor market and must work proactively to facilitate job creation and recovery in the hardest hit areas of the state.

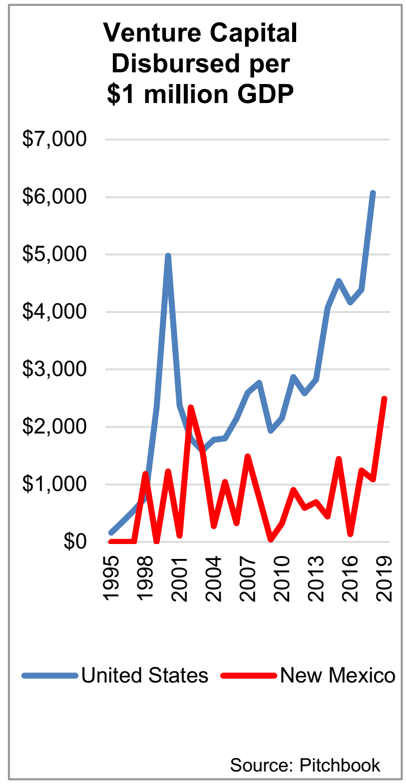
Increasing access to development programs for businesses is another crucial role for the department as the state recovers. The Economic Development Department should leverage its business incubator and accelerator certification process, which aligns with the International Business Association's best practices, to encourage entrepreneurs and startups in the state. Small business incubators and accelerators provide startups with targeted support and resources, and studies indicate incubated businesses have a survival rate of 87 percent, while only 44 percent of small businesses that work in isolation survive. During the pandemic, EDD began hosting weekly webinars for businesses, with topics ranging from how to apply for federal grants to how to build a company's social media. EDD could make these popular webinars a permanent fixture of the department.

Business Incentive Programs

The pandemic had a mixed effect on New Mexico's two primary business incentive programs. While the Job Training Incentive Program (JTIP), which covers work training expenses under certain circumstances, continued to function as it always has, the Local Economic Development Act Program (LEDA), which primarily pays for infrastructure to help new and relocating businesses, flipped its business model and operated as a 0 percent interest loan program to support local businesses.

In FY21, LEDA awarded $47.1 million to businesses in the state, with nearly a third of the total awards directed to rural communities. In those communities, the average cost per job supported by LEDA reached $20.4 thousand, or 46 percent more than the $14 thousand cost per job in urban areas. In total, the average cost per job declined in FY21 to $15.4 thousand because total jobs supported by LEDA nearly doubled from FY20, despite new programs and a global pandemic.

JTIP awarded approximately $18 million to local businesses during FY20 and $26.8 million in FY21. The department has stated that demand for this program continues to grow, and the program could play an important role in allowing companies to rehire during post-pandemic recovery. The Legislature has appropriated $55 million to JTIP over the past seven years.

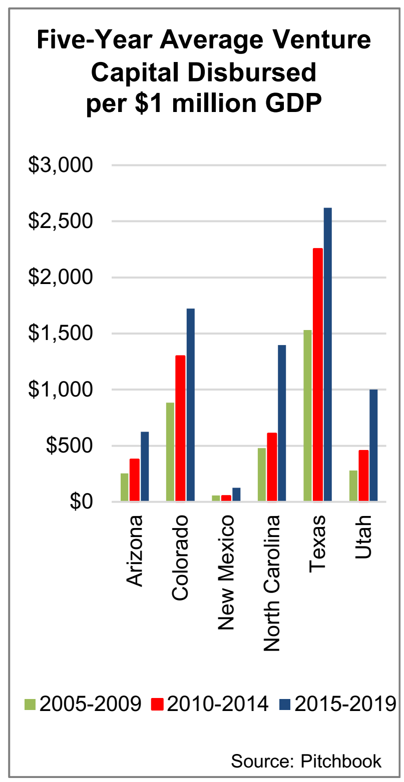


Energy Transition

When the Escalante Generating Station in Prewitt closed in 2020, EDD pledged $5 million in LEDA funds to the McKinley Paper Mill, which nearly closed because it relied on the generating station for power. The assistance prevented the mill from shutting down, therefore retaining 127 well-paying jobs in Cibola County. As New Mexico and the greater economy continue to decrease reliance on fossil fuels, the Economic Development Department must prepare the state's workforce for the rapidly changing environment.

Local Access to Capital

In addition to business incentives, some states support entrepreneurship by lowering the cost of capital through financing, tax incentives, and connections with regional, national and international investors. As neighboring and business competitive states continue to attract capital funding for business, New Mexico should look to other states' successful seed capital and other venture programs that have bolstered local entrepreneurship. Utah, Oklahoma, Maryland, and other states have created state-managed funds within their respective professional investment agencies that co-invest with private venture capital to expand the capital available for in-state companies. By connecting local businesses to professionally managed capital, the state's economic development efforts could attract and retain more capital-intensive and innovative businesses.



Workforce Recovery

Improving participation in the state's labor force is important if New Mexico's economy is going to recover from the pandemic. Ongoing for nearly two years, the pandemic has left the state's workforce bruised, leading to an unprecedented 200 thousand individuals seeking unemployment benefits and a 12 percent trough in total nonfarm employment between April and July 2020.

However, New Mexico trailed national employment expectations well before the Covid-19 pandemic and continues to trail in the recovery. While the August

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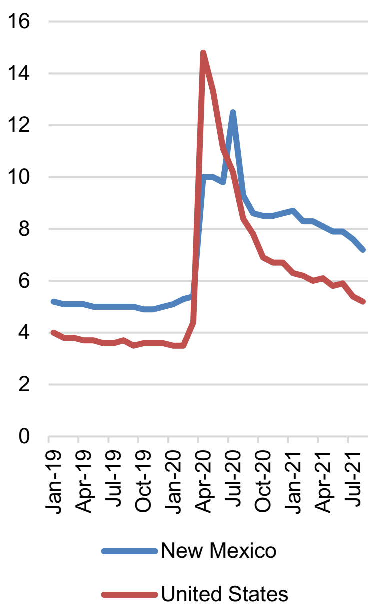
Finance Facts: Tax Increment Financing

unemployment rate looked better at 7.2 percent in New Mexico and 5 percent nationally, these rates may be misleading because the labor force has not recovered. Perhaps more concerning and more persistently bad, the state's labor force participation rate, has trailed the national rate by 4 percent and Colorado by nearly 10 percent on average since 1999. While the national reduction in labor force participation in recent years is related to baby boomer retirement, age-demographics do not explain the state's lower than national participation rate since the mid-1970s.

In September 2021, the federal government ended most pandemic-related unemployment programs, and about 73 thousand people lost unemployment benefits. Many of these workers may end up discouraged or not actively searching for work.

United States and New Mexico Unemployment Rate



Source: NM DWS

If these workers do not return to the labor force soon, the state risks losing some of them for good. Prior to the great recession of 2007-2008, labor force participation was 62 percent. Participation did not recover prior to the pandemic and now rests at 57 percent. The U.S. Bureau of Labor Statistics says low labor force participation rates cause rising dependency ratios because fewer workers are available to support those who do not work, higher tax rates because of a shrinking base, and slower economic growth because fewer people are working.

With funding from the federal Workforce Innovation Opportunities Act (WIOA) and state support, the Workforce Solutions Department (WSD) plays an integral role in helping to bring workers back into the workforce. Through federal, state, and local partnerships that provide adult education and literacy, employment services, and vocational rehabilitative services, the department works to bring people into the workforce who are either just entering or were discouraged.

Workforce Board Consolidation

As required by WIOA, New Mexico's workforce development system is decentralized and local. The system includes one statewide workforce board and four regional local workforce development boards (LWDB) overseeing 23 workforce development centers partnering with nonprofits and higher education institutions. WIOA funds a wide range of workforce development and job training programs. WIOA integrated federal employment services from the Wagner-Peyser Act into a one-stop delivery system designed to provide job search assistance, career placement, reemployment support for unemployment insurance (UI) claimants and similar services. Both WSD and the LWDBs directly staff and coordinate programs at the workforce development centers, known in New Mexico as Workforce Connections One Stop Centers.

For more info:

Workforce Solutions Department Performance Page 117

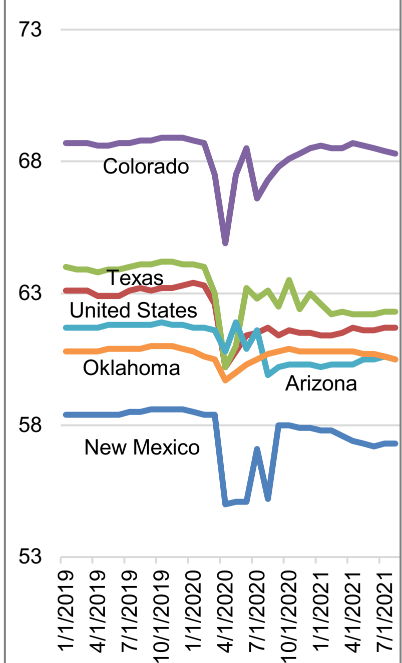
Recently, WSD published a report and, citing current poor performance, recommended consolidating the state's four workforce development boards into two. Further consolidation would reduce administrative costs and increase funding for job seekers, improve labor market alignment to allow for services to be tailored to the needs of similarly situated communities in rural or urban areas, and improve monitoring and use of state resources because only two boards would need oversight instead of four. Further, a two-board system would improve strategic planning, coordination, and communication.

The report relies on information from the August 2020 LFC spotlight, *Workforce Development, Post Covid-19 Pandemic*, citing the state's poor U.S. ranking for employment and earnings outcomes. The department's recommendations would create a metro board and a rural area board. The metro board would serve Sandoval, Santa Fe, Bernalillo, and Doña Ana Counties, while the rural area board would serve the remaining New Mexico counties. The department is also considering other options. However, it is unclear how consolidation would directly affect labor force participation or planning.

Healthy Workplaces. The Workforce Solutions Department is working to implement the Healthy Workplaces Act by establishing rules and developing employer training materials. The 2021 act requires employers within the state to provide sick leave of one hour per 30 hours worked, with earned sick leave carrying over from year-to-year up to at least 64 hours. According to a study published by the National Institutes of Health, paid sick leave policies significantly increase the likelihood individuals caring for an ill or disabled family member stay in the labor force. With these policies women are also less likely to leave the labor force after having children.

Identifying and removing barriers to employment and training is key to efforts to increase labor force participation. Data reviews show the need for a more robust service delivery model that provides job-seekers with wraparound services. Social and structural barriers to meaningful participation in the workforce include affordable childcare, limited or unreliable transportation, unmanaged alcohol, drug abuse, and mental health issues, and criminal and legal barriers. Opportunities to provide services or referral to services through Workforce Connection Centers could help address some of these barriers, including collaboration with federal programs, such as federal Temporary Assistance for Needy Families, Medicaid, and Supplemental Nutrition Assistance programs.

Percentage Labor Force Participation Rate



Source: Federal Reserve of St. Louis

A Closer Look: Unemployment Insurance

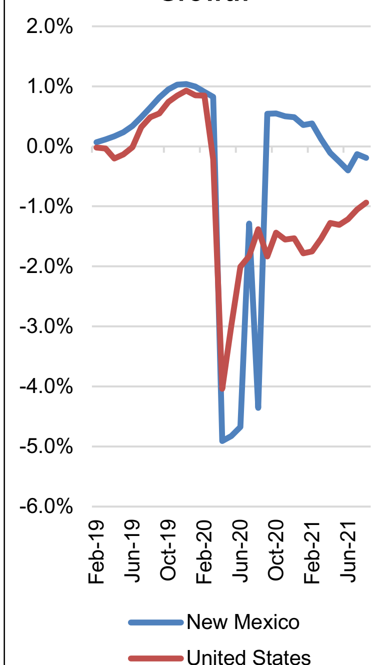
LFC evaluation staff, in a [May 2021 report on the state's unemployment insurance system], found growing program risks contributed to an estimated $250 million in overpayments in unemployment insurance benefits. Unemployment rates rose to 12.5 percent in July 2020 due to the pandemic and related closures, and to address the surge from a record 197 thousand New Mexicans filing for benefits, WSD reassigned investigative staff to claims, contributing to existing backlogs in investigation of potential fraud.

The pandemic created unmatched pressure on the department, and fraud rates were already increasing before the pandemic. Insufficient staff and training made it challenging for WSD to process claims, while also following new and often changing federal requirements.

In addition, the unemployment trust fund, from which benefits are drawn, was insolvent by September 2020, forcing the state to borrow $278 million from the federal government to help pay for the unprecedented number of unemployment insurance claims. Federal stimulus funds expanded benefit amounts and eligibility, and the state distributed a total of $3 billion to unemployed New Mexicans.

The report found WSD should reduce improper payment and fraud risk by hiring additional contract staff to assist in quickly addressing backlogs, increase the accuracy in interpretation of state law and federal guidance by expanding training, boost the use of evidence-based reemployment services, and address the solvency of the trust fund.

United States and New Mexico Labor Force Growth



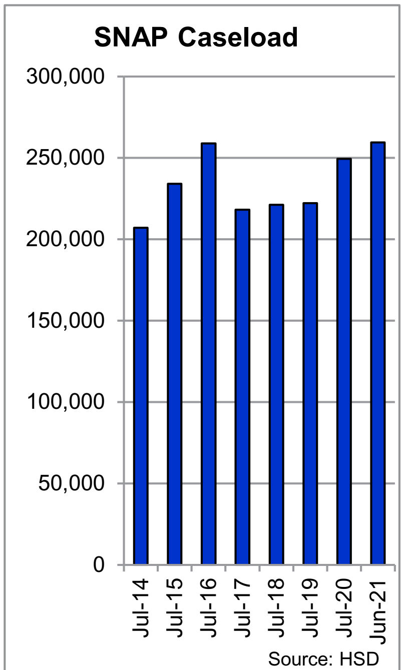
Source: NM DWS

Health and Communities

For more info:

Department of Health Performance Page 127

The health and economic effects of the Covid-19 pandemic continue to have significant implications for Medicaid and social services, both important components of healthy communities. During economic downturns, more people enroll in Medicaid, increasing program spending at the same time state tax revenues fall. While state revenues have substantially rebounded after dropping precipitously at the onset of the pandemic, the public health crisis has continued as a new surge of Covid-19 infections, hospitalizations, and deaths, fueled by the Delta variant, began to take hold in New Mexico in late September and October 2021.



Beyond Medicaid, the ongoing health and economic effects of the pandemic continue to have implications for social services enrollment and financing. While revenues and employment indicators have improved, employment has not yet returned to prepandemic levels and substantial variation across the state remains. In addition to a higher unemployment rate, which only counts those not working who are actively seeking a job, New Mexico also has had a nationally low labor participation rate, a measure of the share of adults seeking or in jobs, for at least the last 10 years. Long-term unemployment has negative effects on social determinants of health and individual spending power.

Covid-19 Impact on Health and Human Services

The pandemic has had broad and deep impact on the health and communities of New Mexicans. In addition to straining healthcare resources and complicating access to healthcare unrelated to Covid, the outbreak of Covid-19 has negatively impacted many of the social determinants of health, including challenging efforts to maintain adequate housing and transportation and ensuring sufficient access to safe drinking water and nutritious food. Many areas of New Mexico have faced daunting challenges with access to food, water, and shelter, and Native American tribes and pueblos face particular challenges. The state, along with nonprofit and faith-based organizations, continue to work to address these ongoing difficulties with food, housing, and access to quality physical and behavioral healthcare further exacerbated by the pandemic.

Medicaid, SNAP (the Supplemental Nutrition Assistance Program for food stamps), and TANF (the Temporary Assistance for Needy Families cash assistance program) are counter-cyclical programs, meaning more people become eligible and enroll during economic downturns and when unemployment grows. Concurrently, states may face declines in revenues that make it difficult to fund the state share of funding to support escalating enrollment in health and social service programs. However, as in past economic downturns, the federal government has provided additional financial assistance to states during service programs at a time of growing need.

New Mexico Covid-19 Morbidity and Mortality. As of early November, New Mexico had experienced over 288,557 Covid-19 cases and over 5,148 Covid-related deaths; over 250,960 people had recovered from the virus. New Mexico experienced a surge in cases associated with the Covid-19 Delta variant in early November, temporarily placing the state within the top 10 states with the highest number of cases per 100 thousand residents, according to the U.S. Centers for Disease Control and Prevention.

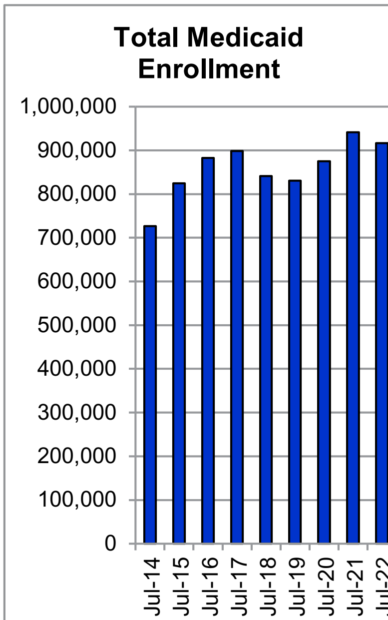
As of early November, 83.2 percent of New Mexicans 18 years of age and older had at least one dose of a Covid-19 vaccine and 73 percent were fully vaccinated. In that age group, 14.5 percent have had a Covid-19 booster shot. In the 12- through 17-year-old age group, 63.4 percent of New Mexicans have had at least one dose and 55 percent are fully inoculated.

LFC Online: Understanding Government Finances

Finance Facts: Medicaid

Covid-19-Related Challenges. Beyond acute health needs directly related to the virus, Covid-19 impacts New Mexicans seeking other quality healthcare and creates and amplifies financial challenges for those who lose employment. Students continue to struggle with consistent access to quality educational instruction, and many New Mexicans face behavioral health challenges as they grapple with anxiety, depression, and the inability to access quality healthcare.

In accordance with the 2018 New Mexico Crisis Standards of Care Plan, on October 25, 2021, the Department of Health (DOH) issued an amended public health order lifting restrictions. The limitations imposed on nonmedically necessary procedures in the past and the hesitance of the general public to seek preventive and routine medical care during the pandemic resulted in an increase in patients seeking medical care unrelated to Covid-19 once those restrictions were lifted, adding capacity challenges at many healthcare facilities.



Source: HSD October 2021 Projection

Primary care and outpatient clinics must continue to provide preventive and routine care to lower the number of inpatient hospitalizations caused by delays in care. DOH indicates modifications of medical practice are needed to address the ongoing surge of both Covid-related and non-Covid-related hospitalizations in the New Mexico and the attendant detrimental consequences to medical practice and medical service availability within the state.

The state is experiencing a significant shortage in the number of acute care medical workers because of high patient censuses, fatigue, and higher wages in other states. Nurses have been carrying unprecedented patient loads for the duration of the pandemic, resulting in many nurses retiring or moving away from the profession. The shortage of medical professionals not only threatens the state's ability to respond to the pandemic, it also threatens access to medical care into the future. As a consequence, on October 18, 2021, the governor issued an executive order recognizing that crisis care standards may be implemented due to the shortage of acute care medical providers in New Mexico.

For more info:

Human Services Department Performance Page 121

Covid-19 and Related Federal Funding

New Mexico secured multiple sources of federal funding to address the Covid-19 pandemic, including over $90 million from the Federal Emergency Management Agency (FEMA), for contract nurses, other medical personnel to assist acute care hospitals throughout the state, and many other purposes. However, given the personnel shortage is a national issue, limited numbers of nurses and other medical professionals have been available to come to New Mexico.

A Closer Look

Department of Health Facilities Oversight

In July 2021 Program Evaluation: Department of Health Facilities Oversight, Capacity and Performance, LFC Evaluation Unit staff reported the department's seven facilities face chronic issues with underutilization, staffing shortages, fiscal management, and facility conditions, resulting in substantial costs to the state and risks to the health and safety of individuals in their care.

DOH, without a dedicated deputy secretary for facilities and lacking a facilities director for three years, is absent strong, dedicated leadership over facilities, affecting its ability to respond to deficiencies and address critical patient needs.

Inadequate oversight likely contributes to a higher rate of deficiencies potentially harming residents in long-term care facilities. It was also likely a factor in the high Covid-19 infection and death rates among residents of the New Mexico State Veterans' Home, as well as significant construction issues there. Failure to plan for the long term has led to underutilization, growing costs, and inefficiencies across many DOH facilities.

Staff recommended the Legislature create a deputy-secretary-level executive and a governing board in statute and the department should immediately take steps to ensure infection control, develop a facilities master plan, recruit staff at the department level, report quarterly to LFC and the Department of Finance and Administration on staffing and budget at each facility, and create a cross-facility workgroup.

The federal Coronavirus Preparedness and Response Supplemental Appropriations Act (CPRSA) allotted over $2 billion to New Mexico for direct payments to individuals, educational assistance, housing and rental assistance, and Covid-19 testing and vaccination, among other things. The Families First Coronavirus Response Act (FFCRA) allowed for higher federal matching rates for the Medicaid program, supporting the state's program with over $200 million in additional federal funds in 2020. The Coronavirus Aid, Relief, and Economic Security (CARES) Act provided the state with over $11 billion in federal funds, including unemployment assistance, additional payments to individuals and business, support to the state's general fund, and multiple other areas of assistance. The American Rescue Plan Act directed over $7 billion to New Mexico to assist with payments to individuals and business and many other uses. Beginning in 2020, New Mexico received over $20 billion in federal stimulus funding directed to government, businesses, individuals, and other entities.

State agencies have spent $5.8 billion, or roughly half, of the $10.1 billion received through 130 federal pandemic relief grants. To date, about 65 percent of the grant spending, or $3.8 billion, was for programs considered mandatory by the federal government, such as unemployment insurance or Medicaid. These programs offer direct benefits to individuals and are required to be paid out if applicants meet qualification criteria. Much of this funding was set to expire in September 2021 when federal pandemic unemployment insurance program funding ended. However, several pandemic-related benefits continue, including the enhanced benefit under SNAP and the enhanced federal matching rate for the Medicaid program, was extended through the first quarter of 2022.

Access to Healthcare and Behavioral Health Services

The pandemic has generated both a public health crisis and an economic crisis, with major implications for Medicaid and its beneficiaries. As states continue to respond to pandemic challenges, they are concurrently implementing nonemergency initiatives as well as preparing for the unwinding of the federally declared public health emergency (PHE) that has expanded federal support for public assistance. The maintenance-of-efforts requirements and temporary federal matching funds increase associated with the PHE, scheduled to expire on January 16, 2022, have been the primary drivers of Medicaid enrollment and spending trends.

Medicaid in New Mexico

Medicaid Enrollment. The LFC's *2020 Medicaid Accountability Report* indicates the Human Services Department (HSD) faced unprecedented challenges administering the Medicaid program during the Covid-19 pandemic. Medicaid enrollment in 2020 grew by nearly 9 percent, or 82 thousand new individuals, compared with 1 percent the year before the pandemic. Adding to the increased Medicaid enrollment levels is the Human Services Department's inability to disenroll Medicaid members who no longer qualify due to maintenance-of-effort (MOE) requirements associated with receiving the 6.2 percentage point increase in the federal Medicaid match during the public health emergency.

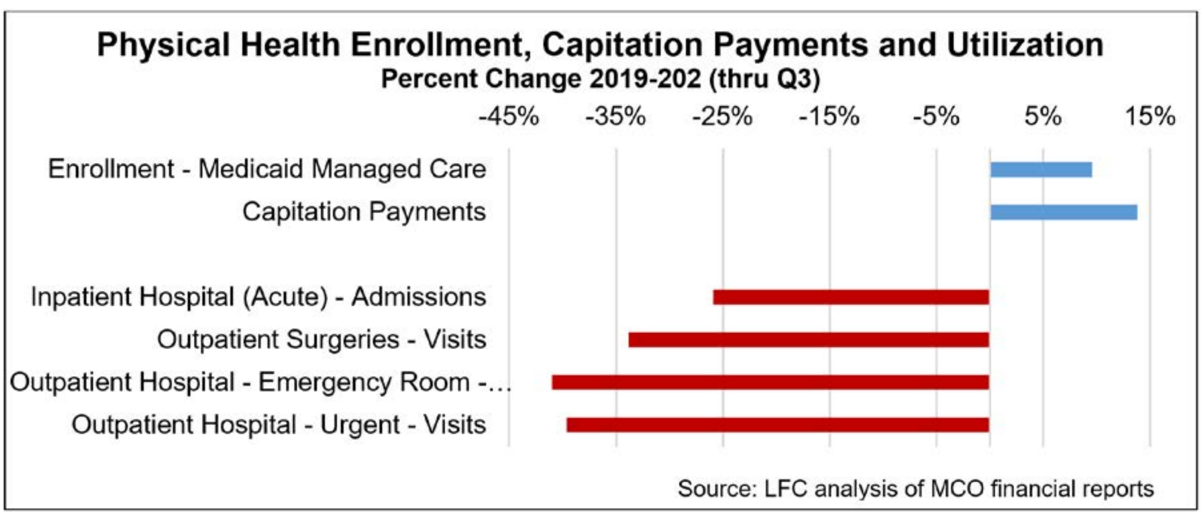
Despite enrollment growth, the fiscal impact to the state in FY20 through FY22 is offset by increased federal financial support. In October 2021, HSD reported a $45.4 million general fund surplus for FY21. However, with uncertainty surrounding continued federal support and maintenance-of-effort requirements, HSD projected an initial shortfall of $54.5 million for FY22 and requested a supplemental appropriation for this amount.

Increased Federal Funding. In FY21, prior to Covid-19, the overall federal match rate for New Mexico, which varies depending on the Medicaid population served, was about 72.7 percent. However, in response to the pandemic, the federal government increased the federal medical assistance percentage (FMAP) by 6.2 percentage points through the duration of the public health emergency. The overall federal match rate for FY21 is now estimated at 82.5 percent, meaning the federal government contributes $4.72 to the Medicaid program for each $1 paid by the state. The current administration extended the public health emergency on October 15, 2021, through January 16, 2022, which will keep the enhanced FMAP in place through March 30, 2022.

Uncertainty remains regarding the future course of the pandemic and what kind of “new normal” the state can expect in terms of Medicaid and the unwinding of the PHE. In addition, as part of its budget reconciliation, Congress added Medicaid policies building on earlier legislation to expand coverage and increase home- and community-based (HCBS) Medicaid funding, which could have further implications for the direction of Medicaid policy in the years ahead. Finally, states and CMS may promote Section 1115 Medicaid demonstration waivers to help improve social determinants of health and advance health equity.

Declining Healthcare Utilization. The LFC’s *2020 Medicaid Accountability Report* indicates, in addition to increased Medicaid enrollment, capitation (per member) payments to the managed care organizations (MCOs) under contract to manage Medicaid benefits also rose in 2020, but Medicaid member healthcare utilization was noticeably lower compared with the same period in 2019. For example, enrollment in the physical health program increased by 9.5 percent and capitation payments increased by 13.8 percent during the first through third quarters of 2020, compared with the same period in 2019. However, key utilization metrics decreased during the same period. Inpatient hospital admissions decreased by 26 percent and emergency room visits decreased by 41 percent.

Additional Federal Support. New Mexico healthcare providers have received $586.7 million in medical provider relief funds provided through the U.S. Department of Health and Human Services. At the end of 2020, 2,082 New Mexico healthcare providers had received provider relief funds, with amounts varying from over $100 million to below $50.



Lessons learned during the pandemic may provide opportunities to strengthen relationships with healthcare providers, develop new relationships with other community stakeholders, and improve enrollee access and outcomes during and beyond the PHE transition period. The state is making efforts to advance delivery system reforms and to address health disparities and social determinants of health.

LFC Online: Understanding Government Finances

Finance Facts: Child Support

Developmental Disabilities Medicaid Waiver

The Department of Health (DOH) Developmental Disabilities Supports Program (DDSD) oversees four home- and community-based Medicaid waiver programs, so-called because the services are provided under a waiver to Medicaid's general regulations: the comprehensive Developmental Disabilities Waiver, Medically Fragile Waiver, and Mi Via Self-Directed Waiver programs and the new Community Supports Waiver Program. The annual per person cost for the comprehensive waivers has risen to $94 thousand for the DD waiver services, $25 thousand for Medically Fragile waiver services, and $67 thousand for Mi Via waiver services. As of September 2021, a total of 5,488 individuals were enrolled in the three comprehensive waivers.

In FY21, DOH and HSD, acting on recommendations from an LFC report regarding how the state system provides supports for people with developmental disabilities, began development and implementation of a community supports option to leverage a greater Medicaid match rate for people currently on the waiting list for comprehensive services. Supports waivers are designed to provide an array of services to individuals on the waiting list for the DD services under the Medicaid waiver that allows the state to provide home- and community-based services, rather than institutional care, for clients with developmental disabilities. The Community Supports waiver makes all DD waiver services, excluding individual living, available to clients with an annual per person budget cap of $10 thousand. While some services for individuals currently on the waiting list are available through the Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) program or other Medicaid-funded services, the Community Supports waiver is intended to help individuals access a broader service array. As revenues and provider network capacity grow with development of this waiver, the state hopes to expand this service to most individuals waiting for the comprehensive waiver. However, due to the difficult financial constraints on the state resulting from the global pandemic, DOH requested to reduce funding for the DD waiver for now.

As of September 2021, 4,588 individuals were on the DD waiver waiting list with an average waiting time of over 13 years, up from 8.2 years in FY11. DDSD sent offer letters to 2,128 individuals on the waiting list to offer enrollment on the Community Supports Waiver. As of September 2021, 1,438 had not responded, 2,999 had declined, 263 had accepted, and 128 individuals were receiving services. DDSD is working on several efforts to increase engagement and enrollment for the Community Supports waiver, including Human Service Department program coordinators involvement, managed care organization (MCO) outreach, creation of an outreach taskforce, and a Community Supports waiver education and outreach campaign. The campaign will be funded with federal American Rescue Plan Act (ARPA) funding.

Federal Funding Changes. DD waiver services are eligible and receiving increased federal revenue from the enhanced FMAP, an estimated $7 million per quarter, reducing general fund need. The enhanced FMAP is slated to end in March 2022 but could be continued at the current rate or at a lower rate to slowly scale down the support. In addition to the enhanced FMAP, the ARPA contained a number of provisions designed to increase coverage, expand benefits, and adjust federal financing for state Medicaid programs. The act temporarily increased FMAP rates by 10 percent for Medicaid home- and community-based services (HCBS), including those under the DD waiver, for 12 months. Additional federal revenue for all eligible HCBS is estimated to be $500 million, which could be spread over three years; $277 million of this revenue could be for DD waivers.

Combined, these three nonrecurring funding sources—the enhanced FMAP for DD waiver services, the enhanced match for HCBS, and the additional revenue for HCBS—and existing fund balances offer an opportunity to remove everyone from the waiting list in FY23 and gradually phase in state costs over the next three to four years. However, the capacity of the system to serve the additional people needs ramping up as well.

Pandemic Effects on Behavioral Health in New Mexico

As the pandemic raged, so did the country's other epidemic. Drug overdose deaths rose nearly 30 percent in 2020 to a record 93 thousand, according to statistics from the Centers for Disease Control and Prevention. This was the highest national number of overdose deaths ever recorded in a 12-month period in the United States, and deaths rose in every state but two, South Dakota and New Hampshire, with pronounced increases in the South and West.

Several other grim records were also set during this time period—the most deaths from opioid overdoses, the most overdose deaths from stimulants like methamphetamine (meth), and the most deaths from the class of synthetic opioids known as fentanyls.

The Department of Health (DOH) reported provisional 2020 death data showed a rise in New Mexico's fentanyl-related deaths from 2019 to 2020, with the total of fentanyl-related deaths in 2020 surpassing the counts for both deaths related to heroin and deaths related to prescription opioids. This increase was in addition to a doubling of fentanyl-related overdose rates from 2018 to 2019.

The trend in increasing fentanyl overdose deaths in New Mexico mirrors trends in most of the United States. Beginning in the late 1990s, the United States experienced three waves of the opioid overdose crisis: prescription opioids, heroin, and now fentanyl. The fentanyl wave began around 2013 in the eastern United States and is now affecting New Mexico.

In addition to fentanyl, the number of overdose deaths attributable to methamphetamine also increased in 2020 over 2019. DOH provisional data indicate that the number deaths in 2020 was an increase of 11 percent on top of a 36 percent in 2019.

The pandemic undoubtedly contributed to the surge in overdose deaths, with disruption to outreach and treatment facilities and increased social isolation. Experts say the lingering pandemic has heightened the need for behavioral healthcare, in New Mexico and nationwide, due to grief, isolation, job losses, shuttered schools, and other anxiety-inducing conditions.

Notably, the Kaiser Family Foundation reports more than half of the nation's healthcare workers, including behavioral health workers, are dealing with anxiety, depression, or suicidal thoughts, and many are struggling with burnout.

A Closer Look

Substance Use Disorders

Despite expanded access to treatment, drug overdose and alcohol-related deaths in New Mexico reached all-time highs in 2020, according to the LFC's 2021 Progress Report: Address Substance Use Disorders.

In the original Health Note on substance use disorders, the basis for the 2021 Progress Report, LFC staff found access to treatment had expanded significantly along with spending, and the state has since built on that progress by bringing new behavioral health services into Medicaid coverage, including residential treatment for substance use, peer support, and more.

The Covid-19 pandemic may have exacerbated the number of avoidable deaths in 2020 and limited further expansion of treatment. Still, that the most severe consequences of substance use disorders continue to worsen despite increased access to services indicates treatment is an essential but incomplete solution.

The state must also improve its prevention and early intervention programs, particularly those that can address the complex, underlying causes of substance abuse, including poverty and childhood trauma. Additionally, little progress has been made to close one of the most glaring gaps in the treatment system—the criminal justice system. Insufficient access and underutilization of effective treatment in jails and prisons and to evidence-based diversion programs help to perpetuate cycles of substance abuse and incarceration.

New Mexico officials have also voiced concern about the potential for pandemic-related behavioral health declines given the state's already high rates of substance abuse and suicide deaths.

New Mexico had the 12th highest drug overdose death rate in the United States in 2019. New Mexico's drug overdose death rate was 30.4 people per 100 thousand population in 2019 and was about 41 percent higher than the U.S. rate.
Source: Department of Health

Behavioral Health Interventions

New Mexico's behavioral health issues are long-standing while its efforts to address the crisis have become comprehensive and intensive only recently. With the pandemic exacerbating existing problems and creating new hurdles, behavioral health agencies were faced with negotiating a new environment even as they tackled the ongoing problem.

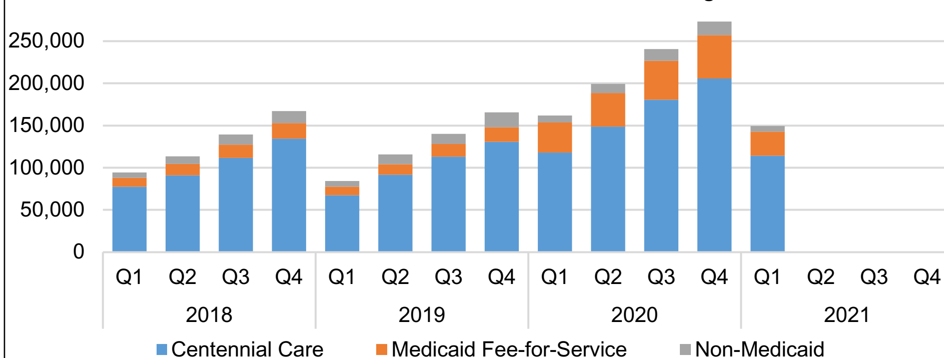
The Behavioral Health Collaborative adapted to the pandemic through telehealth and other means, providing behavioral health provider rate increases, expanding peer services, and partnering with behavioral health providers.

The collaborative reports more work is needed to improve the quality of behavioral healthcare, improve access to behavioral health services, provide financial incentives, and expand the behavioral health workforce to reflect the cultural and racial diversity of New Mexico.

For more info:

Behavioral Health Collaborative Performance Page 125

Number of Individuals Served Annually in Substance Abuse or Mental Health
Behavioral Health Collaborative and Medicaid Program



Source: HSD

In addition, the collaborative cites the need for an increase in the use of medication-assisted treatment, harm reduction strategies, and prevention and treatment for youth. Of note, the Behavioral Health Collaborative and its partners are implementing a sequential intercept model that engages justice-involved individuals in accessing behavioral health services at different phases of the system. The Administrative Office of the Courts Treatment Courts used over $10 million to serve 1,658 people in FY20 and 1,389 people in FY21.

More than $7 million in state general fund dollars were saved by transitioning adult accredited residential treatment centers (AARTCs) to Medicaid funding. There are currently fewer than five AARTCs functioning around the state or in the pipeline, but more of these services are needed statewide.

The Behavioral Health Services Division (BHSD) used $3.3 million to conduct pre-arrest diversion in FY21 in Gallup and in Doña Ana, Taos, San Juan, San Miguel, Lea, and Bernalillo counties. BHSD also employed law enforcement assisted diversion services in Taos County and in collaboration with tribes and pueblos.

The Corrections Department expanded its use of peer support workers.

The Children, Youth and Families Department used $2.4 million in FY21 to serve 1,180 youth with alternatives to detention, $2.7 million to serve 2,500 youth with mentoring and deflection, and $2.2 million to serve 5,471 youth through Juvenile Justice Advisory Councils and spent $2.7 million with 207 youth in facilities.

New Mexico Health Insurance Exchange and the Healthcare Affordability Fund

For more info:

Aging and Long-Term Services Department Performance Page 132

New Mexico's official health insurance exchange (NMHIX), beWellNM, was authorized under the federal Affordable Care Act and is where individuals, families, and small businesses can compare health insurance plans and enroll for coverage. Six states, including New Mexico, are shifting from the federal health insurance exchange to run their own state-based marketplaces, which determine eligibility, assist with enrollment, and connect buyers with insurance companies. NMHIX reports its 2021 year-end enrollment is 38 thousand, down from over 44 thousand earlier in the year.

NMHIX receives its operating revenue from surtaxes on health insurance premiums and has a proposed 2022 operating budget of $14.2 million. The state's Medicaid program financially supports approximately 80 percent of the exchange's budget because Medicaid, as the state's largest insurer, pays the largest percentage of the health insurance surtax premiums then used to support funding for the exchange.

The enhanced premium tax credits could have a range of positive impacts on the marketplace by increasing marketplace enrollment that could lead to greater insurer participation, improvements in the overall risk pool, and result in lower premiums. In particular, the subsidized premiums could help attract into the health exchange some of the 56 thousand low- and middle-income New Mexicans who qualify for financial help for health insurance but still remain uninsured.

Additional federal funds might be available to subsidize premiums in the $1.75 trillion social welfare legislation currently under consideration by Congress. Monies from the state's healthcare affordability fund could then be used to provide premiums to individuals at higher income levels as well as to attract small businesses into the exchange.

Healthcare Affordability Fund. The healthcare affordability fund, authorized during the 2021 regular legislative session, will generate revenue to lower out-of-pocket costs for people purchasing health insurance on beWellnm. Revenue for the fund will be generated from an increased 2.75 percent surcharge on health insurance premiums. Initially 52 to 55 percent of the revenues will be distributed to the fund, then that amount will decrease in 2024 onward to 30 percent. The general fund receives the remainder of the distribution of revenue.

The fund is projected to receive an estimated $54 million in FY22, rise to a projected $115 million in FY23 and FY24, and decline to an estimated $63 million in FY25 and thereafter. The state's general fund also receives revenue generated from the health insurance surtax increase and is projected to receive an estimated $22 million in FY22, rising to $38 million in FY23 and FY24, and increasing to $91 million in FY25 and thereafter.

New Mexico's Office of the Superintendent of Insurance (OSI) has begun the studies required by the legislation to offer lower premiums to small businesses and offer solutions for coverage for those not eligible for Medicaid, Medicare, or purchase of health insurance on beWellnm. OSI expects 40 percent to 50 percent of the funds will be used to support health insurance coverage on the health insurance exchange. The remaining funds will be used to provide coverage to individuals who do not qualify for federal financial assistance on the health insurance exchange.

Under the legislation, LFC staff must conduct a program evaluation prior to July 1, 2025, to measure the impact of the changes to the health insurance premium surtax and the creation of the healthcare affordability fund

Social Services in New Mexico

New Mexico's poverty rate of 18.2 percent in 2019 is 50 percent above the national average of 12.3 percent, according to the U.S. Census Bureau, and only two states—Mississippi and Louisiana—had a higher rate of poverty in 2019. When compared with its neighbors, New Mexico has double the poverty rate of Colorado and Utah and 33 percent higher rates than Arizona and Texas. The state also has high poverty for particularly vulnerable groups. Roughly one in four children under 18 live in poverty (24.9 percent) and 13.5 percent of those over age 65 are also below the poverty line, the highest rate nationally. Poverty rates are also higher for all ethnicities in New Mexico than for those ethnicities nationally, with Native Americans and Hispanics having the highest rates of poverty in the state, as well as lower median household incomes. The state offers qualified individuals and families an array of programs and services for healthcare, food, cash, and multiple other benefits.

A Closer Look

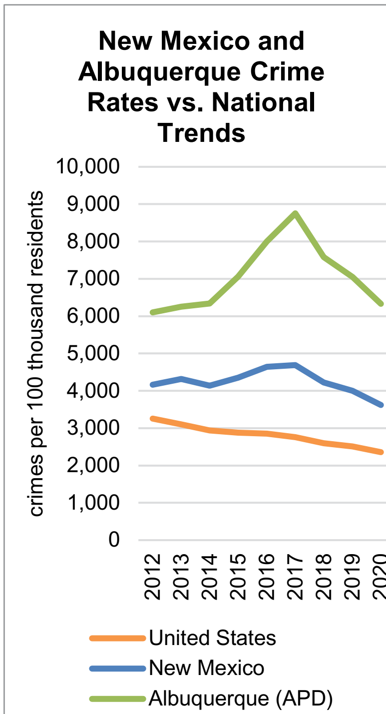
Stacking of Income Supports

As reported in *Policy Spotlight: Stacking of Income Supports*, nearly one in two New Mexicans is on public assistance provided by the Human Services Department, but even more qualify than enroll. Stacked, the federal and state healthcare, food, cash, tax credits, and other benefits available to low-income New Mexicans can allow most families to meet their needs, but New Mexicans face barriers to access. While some cities and states explore and experiment with universal basic income and other guaranteed income programs to help meet people's needs, New Mexico has existing programs that, if implemented properly to all those eligible, could help accomplish the same goals.

Supported with a large amount of federal funding for public assistance and recently expanded state low-income tax credits, expected to provide an additional $170 million by FY25, New Mexico offers a relatively generous benefit package compared with other states. This package can help families meet their needs and, in turn, may ameliorate many of the social costs of the state's persistently high poverty rates—low literacy and high rates of child abuse, crime, and substance abuse. LFC analysis shows families with children and elderly households likely could receive enough benefits to meet their needs if enrolled in all available benefit programs, but adults without kids do not. Additionally, not all who are eligible enroll in these programs. For instance, more than a quarter of uninsured New Mexicans were eligible but not enrolled in Medicaid as of early 2020, and less than half of the state's residents eligible for Temporary Assistance for Needy Families receive benefits. Most families participating in programs are likely not enrolled in every program they're eligible for in part due to barriers, including misunderstandings about eligibility along with complex or lengthy application processes. Furthermore, some New Mexicans may face eligibility cliffs, where individuals become ineligible for a benefit program after a slight rise in wages, leading to less overall resources.

To increase the impact of income support programs, the state should examine poverty rates before and after receipt of benefits, ensure adequate access and receipt of programs through adjusting program application and eligibility, continue to synthesize pilot data to determine what population would benefit the most from a guaranteed income and increase performance monitoring.

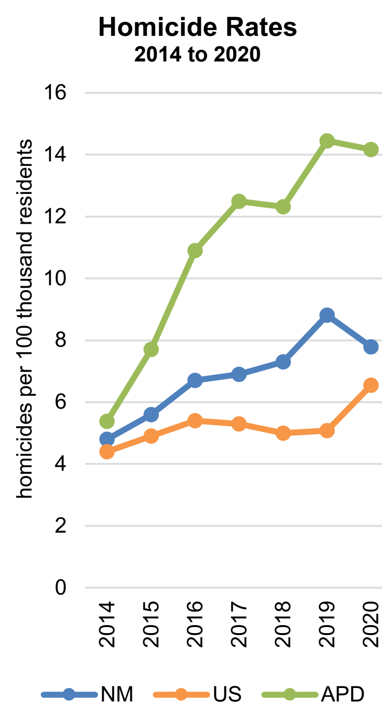
Despite decreases in overall crime and a recent drop in violent crime, New Mexico had the highest overall crime rate of any state in the country in 2020 and the second highest violent crime rate. The criminal justice system seems to have failed to effectively address the needs of both victims and offenders, trapping too many New Mexicans in cycles of violence, poverty, and addiction. A broader view of the many factors affecting community safety is necessary to identify the best ways to leverage state resources to create better outcomes. An effective system to truly improve public safety should prioritize treatment over punishment for low-level offenders, ensure swift and certain justice for serious violent crimes, and effectively address the needs of victims and communities who have suffered the most from the failures of the existing system.



Source: FBI, U.S. Census Bureau

Treatment Over Punishment

New Mexico's criminal justice system has failed to systematically address the underlying causes of criminal behavior (such as poverty, substance abuse, and unemployment) and reduce recidivism. Because incarcerating offenders has been shown to increase their risk of recidivism, addressing the needs of low-level offenders should, therefore, focus on improving access to resources in the community, rather than incarceration, and on treating underlying conditions. Reducing incarceration for low-level offenses—especially those related to substance use disorders—and reforming the state's probation and parole system to ensure offenders are not reincarcerated for technical parole violations rooted in addiction would likely improve outcomes and generate savings. Existing population declines and changes to the Corrections Department's (NMCD) classification system have created additional opportunities for savings, but the state needs to capture and reinvest those savings. Resources currently devoted to arresting, adjudicating, and incarcerating low-level offenders could be reinvested in programs to address the root causes of criminal behavior, improve swiftness and certainty of justice for the most violent crimes, and better serve individuals and communities victimized by violent crime.



Source: FBI

Justice Reinvestment

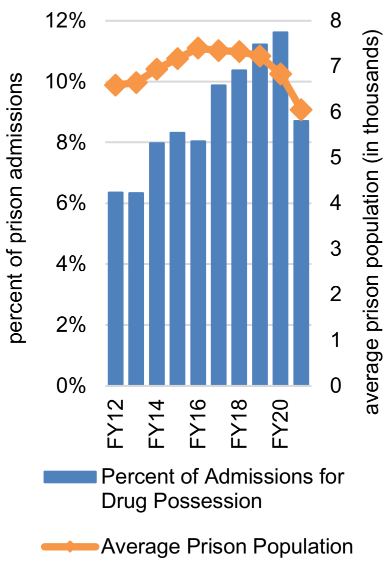
Substance abuse and parole revocations for technical violations drive New Mexico's high recidivism rates, and insufficient access to effective treatment in jails and prisons and to evidence-based diversion programs help to perpetuate cycles of substance abuse and incarceration. Breaking these cycles requires keeping low-level offenders out of prison and increasing the quantity and quality of programming and treatment resources within the correctional system.

A 2021 LFC report on substance abuse found drug overdose and alcohol-related deaths in New Mexico reached all-time highs in 2020. Such trends inevitably have

For more info:

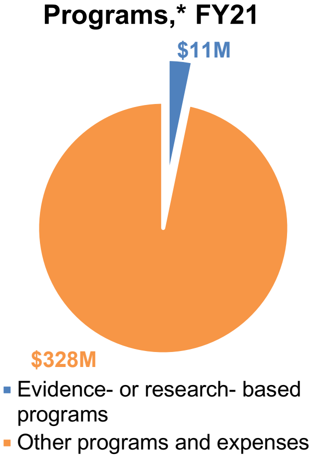
Corrections Department Performance Page 134

Prison Admissions for Drug Posession and Prison Population
FY12 to FY21



Source: NMSC

Corrections Spending on Evidence or Research-Based Programs,* FY21



*For the Inmate Management and Control and Community Offender Management programs only, which provide the majority of programming.

Source: LFC analysis of NMCD FY21 program inventory

ripple effects in the criminal justice system. As many as 85 percent of American prisoners have an active substance use disorder or are incarcerated for a crime involving drugs. In New Mexico, the number of inmates admitted to the prison system for drug possession offenses increased 18 percent between FY11 and FY20. While these admissions declined in FY21, this likely reflects impacts of the Covid-19 pandemic, and the majority of inmates need treatment or support for substance use—a 2019 LFC analysis found treatment for substance use disorders was the most needed service for those on probation and parole, with 73 percent needing such support.

Almost one-third of offenders reincarcerated within three years of their release from New Mexico's prisons have their parole revoked, often as a result of technical parole violations or drug use. Analysis of a random sample of parolee files from 2016 by LFC's program evaluation team found 90 percent of parole violations were related to substance abuse or absconding. Although fewer people were admitted to prison overall in FY21, the number of people who had their parole revoked increased 11 percent.

The high rate of recidivism among offenders in New Mexico indicates NMCD is failing to effectively address inmate needs. In FY21, NMCD spent just 3.2 percent ($11 million) of its budget for its Inmate Management and Control and Community Offender Management programs—which provide almost all programming serving offenders in prisons and in the community—on evidence- or research-based programs, with less than half of those enrolled in a program successfully completing the program. Research shows offenders who complete adult basic education (ABE) are more likely to be employed and have higher earnings after release, and those who leave prison with a high-school equivalency are also less likely to recidivate. While ABE represents NMCD's largest investment in evidence- or research-based programming (at a cost of $3.1 million in FY21), only 112 offenders completed the program in FY21, less than 10 percent of those who enrolled.

Inadequate services within jails and prisons help to perpetuate substance use disorders and contribute to recidivism. The evidence-based Residential Drug Abuse Program (RDAP), one of NMCD's largest in-prison approaches to addressing substance use, served about one-third of the estimated 4,400 inmates who likely needed such programming in FY21. Although RDAP graduates are half as likely to recidivate as nongraduates, only 19 percent of those enrolled in the program in FY21 successfully completed it, a total of 285 individuals. LFC previously found NMCD's implementation of similar programs did not align with best practices. Additionally, medications specifically designed to treat addiction—one of the most effective approaches to treatment and the current standard of care for opioid disorders—are not currently available to most inmates in state custody.

Offenders on probation and parole in the community also lack sufficient access to treatment. In FY19, only 8.5 percent of the estimated 12.6 thousand offenders needing such treatment were served by community corrections substance-abuse programs. Additionally, the efficacy of NMCD's substance-abuse treatment services in the community is difficult to determine because the department only reports recidivism rates for the men's and women's recovery centers, which serve a small fraction of offenders—just 310 in FY21. These programs use a research-based, inpatient therapeutic communities model, but using a research-based model does not guarantee success. A 2015 study by the Sentencing Commission found no statistically significant improvement on outcomes at the men's center, and since the department began reporting on recidivism among graduates in FY16, the recidivism rate has increased 10 percentage points at the men's facility and 9 percentage points at the women's.

Low-Level Offenders. Offenders sentenced for drug possession offenses comprise a significant share of prison admissions, creating high social and financial costs for the state. LFC's 2019 report on substance use disorders found, although these disorders are best understood as treatable chronic diseases, stigma associated with addiction is a significant obstacle to broadening access to effective treatment. Criminalization of drug possession contributes to this stigma.

Reforming the state's system of probation and parole to ensure offenders are not reincarcerated for technical violations rooted in addiction and poverty could improve recidivism and reduce costs to the state. Reforms should account for serious offenders for whom certain violations could predict significant risk to the community, and the entities responsible for overseeing supervision should be given the tools to address such violations appropriately.

Existing Correctional Programming and Treatment. Reducing recidivism rates stemming from drug use requires evidence-based programs within prisons focused on mental health and substance abuse, along with transitional support to connect offenders to evidence-based services, employment, and housing after their release. Savings from reduced incarceration can be reinvested within the correctional system to expand programming for substance use disorder and other programs shown to reduce recidivism.

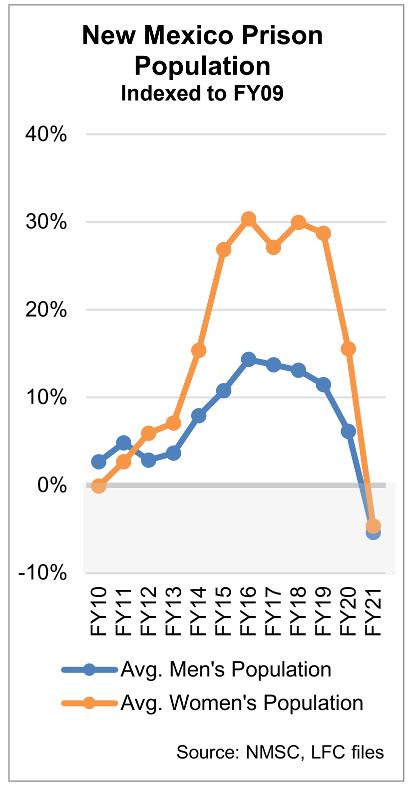
These programs should be implemented correctly and effectively to address offenders' needs and improve public safety. Low completion rates of evidence-based programs suggest NMCD may need to focus not only on ensuring offenders receive services, but also on ensuring they are consistently engaging in these services and that services are consistent among prisons and security levels. The department should also track metrics of success for participants and graduates of its programs and should conduct evaluations to ensure programs are implemented as intended.

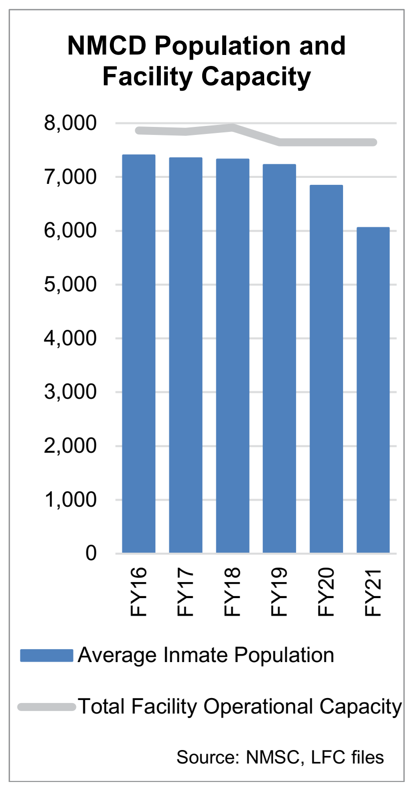
NMCD is currently developing a pilot program for medication-assisted treatment (MAT) within its facilities. NMCD should consider expanding the scope of this program to ensure the standard of care is delivered to inmates. Doing so would require a system including screenings, access to MAT while in custody, and re-entry services that effectively support ongoing recovery as offenders reintegrate into society.

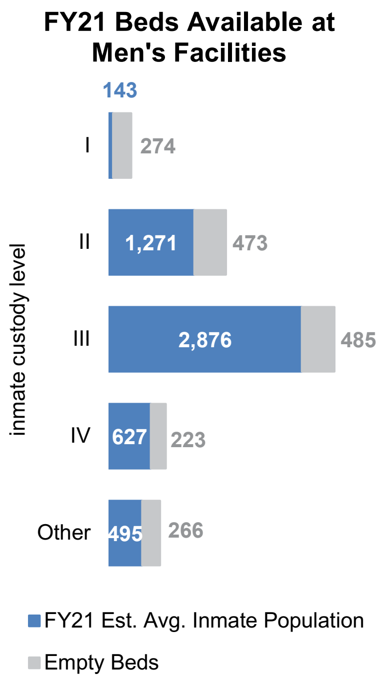
Savings from Population Declines

Current population declines provide an opportunity for the state to realize and reinvest savings in improved programming and resources. Successfully realizing these savings will require purposeful budgeting and significant changes to the prison system that do not align with NMCD's current practices.

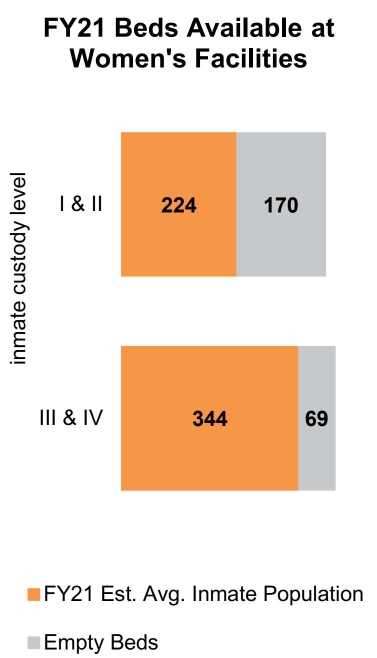
New Mexico's prison population has been falling since September 2018 and had dropped over 8 percent by March 2020, even before the impacts of the







Source: LFC analysis of NMCD CBC counts



Source: LFC analysis of NMCD CBC counts

Covid-19 pandemic on adjudication and early releases. In FY21, the state's inmate population averaged 6,051 (5,489 men and 561 women), a reduction of 11.5 percent compared with the FY20 average and 18.2 percent lower than the high in FY16. An average of 1,600 state prison beds were empty in FY21 as a result of these declines. These unprecedented but sustained population reductions could significantly reduce costs because each incarcerated individual cost the state $44.8 thousand in FY20.

Restrictions based on custody level hamper the consolidation of the inmate population, which would reduce costs and enable the department to close housing units or entire prisons. Historically, men's medium security units have had the highest occupancy levels, and recent population declines have disproportionately occurred in minimum and maximum security units. NMCD's practice of distributing inmates among public and private facilities and classification reforms may help alleviate some pressure on medium-security units. NMCD has focused population declines among private facilities while keeping public prison populations relatively steady, producing estimated cost savings of at least $8 million in FY21. Additionally, this summer NMCD implemented significant changes to its inmate classification system that will likely reduce populations at higher, more expensive custody levels and increase populations at lower, less expensive custody levels.

Although the population currently housed at the formerly Guadalupe County Correctional Facility or Northwest New Mexico Correctional Facility could likely be accommodated at other prisons, NMCD has taken over operation of both facilities at an increased cost to the state. This spring the agency also delayed or reversed plans to close the women's prison in Springer. If the executive remains unwilling to take steps to right-size the agency's footprint, the Legislature may wish to consider if state dollars should continue to be spent maintaining unnecessary bed space rather than investing in programs that could more effectively improve public safety. It should be noted the steps required to generate the most substantial savings—closing housing units or entire prisons—do not come without costs to their surrounding communities. Some savings from closures, should they occur, should be reinvested to mitigate the local economic consequences.

Within the prison system, savings generated from population declines can be reinvested to expand high-quality programming. However, resources outside the correctional system—and even outside the criminal justice system altogether—can help address the root causes of crime and even prevent criminal justice involvement altogether. The Pew-MacArthur/LFC Results First initiative finds likely positive returns on investment for many drug treatment programs inside and outside of prison, and further investments in substance-abuse resources for all New Mexicans could help close treatment gaps identified in a recent Department of Health analysis. Investments in behavioral health services could also help address root causes of criminal behavior.

Further public safety needs, including improving the swiftness and certainty of justice for the most violent crimes and better serving individuals victimized by violent crime could also prove to be more effective investments than continuing to prioritize incarceration.

Swift and Certain Justice

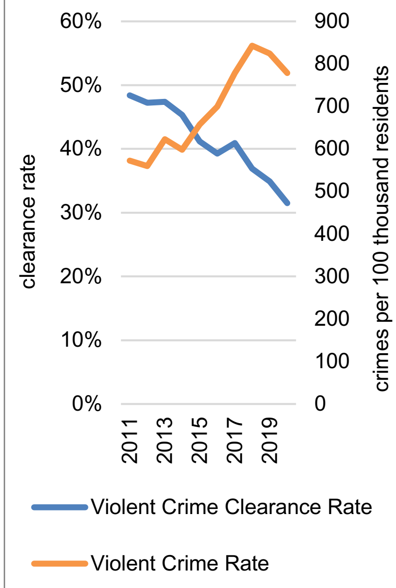
Research shows the certainty of punishment is a significantly more effective deterrent to criminal behavior than the severity of punishment, with severity of punishment having no impact on crime reduction beyond the certainty of being caught. In New Mexico, however, punishment has grown less certain as crime has increased, with fewer violent crimes solved and more violent felony cases dismissed. Improving policing and increasing cooperation and coordination among criminal justice partners could help increase the certainty of punishment for the most violent offenses and provide a stronger deterrent to serious crime.

Policing

Addressing and deterring violent crime requires a multi-pronged approach to improving policing by investing in recruitment and retention of high-quality law enforcement officers, enhancing officer training and education, expanding the use of evidence-based policing practices, increasing officer and agency accountability, and strengthening police oversight.

Certainty of apprehension is a particularly powerful deterrent to crime, but falling violent crime case clearance rates—the rate at which crimes are closed, generally by arrest—at New Mexico's law enforcement agencies suggest the state is failing to create such a deterrent. Between 2014 and 2020, the state's violent crime rate rose 30 percent, while the number of cases cleared fell 13 percent. Between 2014 and 2020, the Albuquerque Police Department reported a 167 percent rise in homicides and a 42 percent reduction in cases cleared.

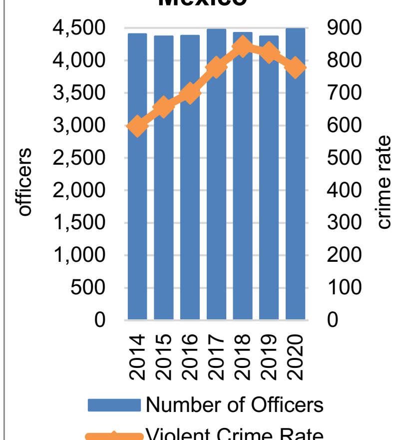
New Mexico Violent Crime Rate vs. Violent Crime Clearance Rate



Source: FBI, LFC files

Research suggests increasing the number of law enforcement officers and allocating officers in a manner that heightens the perceived risk of apprehension helps deter crime, but New Mexico has struggled to grow its law enforcement workforce over the past 10 years. Between FY12 and FY21, the number of certified law enforcement officers employed by municipal police departments, county sheriffs' offices, and state police grew just 1.8 percent, and the during the crime increase between 2014 and 2018, the number of law enforcement officers remained relatively stagnant (increasing just 0.4 percent). In 2020, law enforcement agencies nationwide employed an average of 2.4 officers per 1,000 residents, while New Mexico employed 2.2 officers per 1,000 residents at the beginning of 2020. To reach the national rate, the state would need to add 408 more officers, more than it has employed at any point in recent history.

Law Enforcement Officers Employed* and Crime Rates in New Mexico

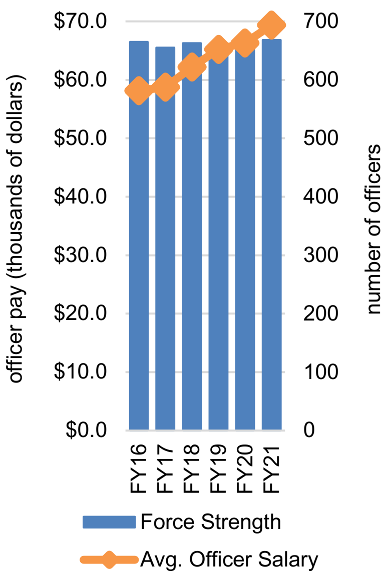


*Includes officers employed by municipal police departments, county sheriffs' offices, and NM State Police.

Source: FBI, LEPF distributions (DFA), NMSP manpower projection (DPS), LFC files

Although researchers generally agree adding officers reduces crime, growing police forces may also have some negative consequences. Expanding police presence in disadvantaged communities often fails to improve community members' perception of their safety or police legitimacy, and a recent study found larger police forces make more arrests for low-level offenses, which can increase use of force and raise the likelihood of future criminal behavior from arrestees. New Mexicans may be particularly concerned about increased police presence because the state has the second highest per capita rate of people killed by police in the country over the past five years. From 2016 to 2020, 108 individuals were killed by police, a rate triple the national average. New Mexico law enforcement agencies reported 54 officer-involved shootings in FY21, a 35 percent increase from FY20, resulting in the deaths of 25 people.

State Police Officer Pay and Force Strength



Source: NMSP manpower projection (DPS), LFC files

Officer Recruitment and Retention. Incremental increases in law enforcement officer pay do not appear to significantly improve recruitment and retention. Despite millions of dollars of general fund investment in officer pay, the New Mexico State Police (NMSP) has been unable to significantly grow its force and projects workforce reductions over the current year. Between FY16 and FY21, the state invested $12.4 million in salary increases, growing the average state police officer's annual salary by 19 percent. NMSP's force strength increased just 0.5 percent over the same period. Notably, the consumer price index increased 13 percent over this period, substantially reducing the practical impact of the compensation increases.

Diversifying the officer workforce may reduce victimization among underrepresented groups and reduce uses of force. Recent studies have shown that increasing Black and female representation among officers led to increased reporting and reduced victimization among those groups. Female officers are also significantly less likely to use force than their male counterparts.

Creating a larger, more diverse workforce requires careful and deliberate investment. Expenditures aimed at improving officer compensation should be significant enough among lower ranks to increase recruitment and should include retention incentives and incentives for agencies to expand recruitment efforts among underrepresented communities. If state funding is provided to local law enforcement agencies to support such efforts, agencies should be required to report on impacts of that funding.

Officer Training and Education. Research suggests proper training is more likely to reduce excessive force than hiring policies. Trainings to address officer behavior include implicit bias training, de-escalation training, and crisis intervention training. Evaluation of these programs' impact is limited, however, and they may not alter long-term behavior without strong use-of-force policies and accountability.

LFC Online: Understanding Government Finances

Finance Facts: Corrections

Evidence-Based Policing Practices. Best practices for policing target specific problems and facilitate civilian trust and confidence. A 2018 LFC evaluation of crime in Bernalillo County discussed supplementing the standard model of policing—a reactive model focused on responding to calls for service—with evidence-based practices. Programs that address root causes of criminal behavior, such as law enforcement assisted diversion (LEAD), have seen some success in New Mexico, while evidence-based practices for crime reduction, such as community-oriented policing, have faced significant implementation challenges.

New approaches should be implemented with revised policies, procedures, tools, and accountability mechanisms. This can be a difficult task and may be met with resistance. Training is the best way to incorporate research into police practice; however, if training efforts are not sustained with accountability measures, they are unlikely to be effective. Establishing grant programs to support evidence-based policing with robust oversight and reporting requirements could help ensure programs are implemented to fidelity and identify successful practices to expand.

For more info:

Department of Public Safety Performance
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Accountability and Oversight. While research has identified some causes of police violence, effective solutions remain elusive. Efforts to implement reforms to police practices or to increase accountability will be hampered if the entity responsible for oversight is unable to ensure compliance with such reforms. Reconstituting the New Mexico Law Enforcement Academy Board (LEAB) as an independent police oversight organization and leveraging state funding to ensure law enforcement agencies comply with statutory requirements is an essential first step to reform.

LEAB is responsible for overseeing police officer training and conduct but has no power to enforce compliance with its reporting requirements or investigations. Making law enforcement agencies' distributions from the law enforcement protection fund contingent on compliance with the board's directives would help the board fulfill its mission. LEAB's limited staff, shared with the Department of Public Safety (DPS), is unable to conduct rigorous investigations or evaluations. An independent, full-time staff would allow the board to evaluate reform implementation and effectiveness and address potential conflict-of-interest concerns in state police officers' disciplinary proceedings.

Cooperation and Coordination among Criminal Justice Partners

Increased criminal case dismissals and reduced admissions to prison inhibit the certainty of justice, especially for serious violent offenses. However, many prosecutions are ended, or "dismissed," by prosecutors or courts due to insufficient evidence or issues with victim or witness cooperation. The dismissal rate for criminal cases in New Mexico is increasing, and in FY21, almost half of violent felony cases were dismissed. In FY14, an estimated 31 percent of criminal cases were dismissed. By FY21, an estimated 50 percent were dismissed. Dismissal rates for felony cases have increased further, from an estimated 23 percent in FY14 to 47 percent in FY21, while dismissal rates for violent felony cases have increased from 23 percent to 48 percent. Felony cases are significantly more likely to be dismissed in New Mexico than in other states. A recent analysis from the National Center for State Courts of felony case dispositions in 21 states found 18 percent of felony cases are dismissed compared with an average of 33 percent of cases in New Mexico from FY14 to FY21.

Prison admissions have dropped significantly in recent years, including significant declines in admissions for new offenses. Between FY18 and FY19, prison admissions for new offenses from adjudications across all judicial districts fell 16 percent, and admissions dropped a further 14 percent between FY19 and FY20. While the largest share of admissions comes from the 2nd Judicial District, admissions from that district have been falling every year since at least FY15, and between FY15 and FY20 admissions fell 61 percent, with a particularly stark drop of 37 percent between FY18 and FY19. While the 2nd Judicial District made up 37 percent of total prison admissions in FY15, by FY20 it made up 22 percent of admissions.

Data Sharing. LFC's 2018 evaluation of crime in Bernalillo County recommended the Legislature consider legislation to assist agencies in connecting datasets and databases, and Laws 2019, Chapter 192, enacted some of these recommendations, including requiring criminal justice partners to use a common statewide identification number for offenders and expanding the responsibilities of the Sentencing Commission to include obtaining and reporting on criminal justice data. Chapter 192 also established criminal justice coordinating councils (CJCC) in every judicial district and created the Crime Reduction Grant Act, which provides

Policing Best Practices

The standard model of policing is reactive, including patrols, responding to calls for service, and subsequent criminal investigations. The approach is often individual-focused and procedures-oriented, with training concentrated on actions needed for responses to calls for service, such as arrest, use of force, and dispute resolution. Officers may receive general briefings about problem people or places, but the focus is often on individual cases or arrests.

Research has identified four principles of evidence-based crime reduction strategies for police to follow:

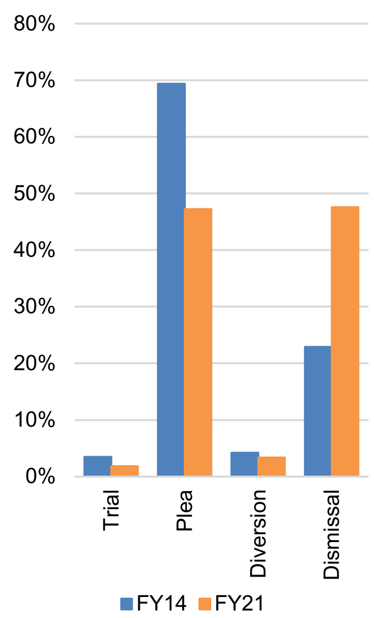
1. Be proactive, not reactive;
2. Focus on places, not just on people;
3. Tailor actions to identifiable problems;
4. Facilitate civilian trust and confidence.

Evidence-based policing strategies that supplement the standard model of policing include

- Law enforcement assisted diversion (LEAD),
- Problem-oriented policing (POP),
- Community policing,
- Focused deterrence, and
- Hot spots policing.

Source: Cynthia Lum and Christopher S. Koper, *Evidence-Based Policing: Translating Research into Practice* (2017)

Dispositions of Violent Felony Cases



Source: LFC analysis of AODA data

grants to CJCCs to support evidence-based treatment and supervision alternatives to incarceration, preprosecution diversion, specialty court programs, and pretrial services. Implementation of the data-sharing provisions and the third cycle of crime reduction grants are currently underway. However, the allowable uses of the grant funds are limited, and grants cannot be used to support coordination between law enforcement and other partners or to provide staff to the CJCCs. Expanding the allowable uses of the grants could better support cooperation and coordination.

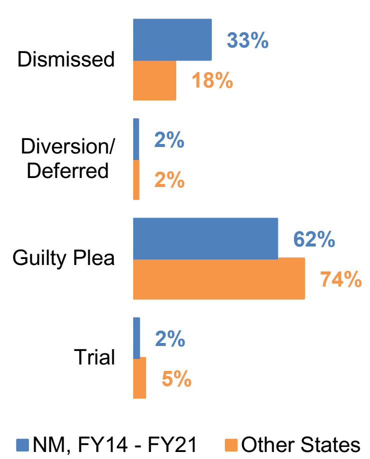
Understanding of statewide crime trends is hampered by existing data collection systems and local law enforcement agency cooperation, and as agencies transition to a new standard of crime reporting, these issues may worsen. Although DPS is required to collect and report crime data from all law enforcement agencies, it has not done so as it transitions to the National Incident Based Reporting System required by the Federal Bureau of Investigation. However, DPS faced difficulties obtaining data from all agencies even before this transition, and agency failures to report will likely continue after the transition due to technical limitations in some agencies' reporting systems. Funding to support agencies in this transition may help.

Victim and Community Needs

New Mexico's high crime rates represent real damage to individuals and communities. Effectively addressing the needs of victims and communities is an essential component of improving public safety. Filling gaps in existing victim services and supporting evidence-based programs in communities can both ameliorate some of the harm caused by crime and potentially prevent future crime.

Victim Needs

Felony Case Dispostions New Mexico vs. Other States



Note: Chart exlcudes 1 percent of dispositions from NCSC data marked as "other/unknown."

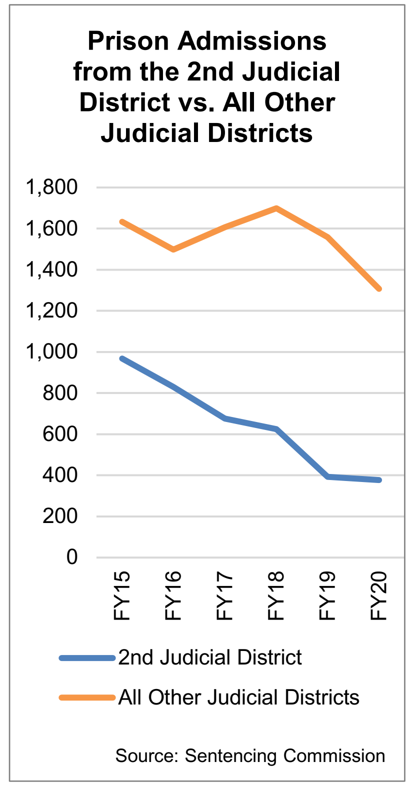
Source: LFC analysis of AODA data, National Center for State Courts

A wide body of research indicates most offenders were themselves victimized. Meeting victim needs can, therefore, address both the consequences of crime and one of its root causes. Furthermore, adequately serving victims may improve their cooperation with prosecutors, reducing criminal case dismissals and increasing the certainty of justice. Unfortunately, the state's existing victim services are often insufficient to meet its high need.

Issues with victim cooperation are responsible for a significant number of criminal case dismissals. Between FY18 and FY20, the 4th Judicial District Attorney reported 14 percent of case dismissals were due to issues with victim or witness cooperation, while an additional 5 percent were due to other issues with victims or witnesses. In an analysis of a sample of individuals charged with four or more separate felonies within the Bernalillo County criminal justice system from 2011 to 2017, LFC's evaluators found issues with victim or witness cooperation were the second-most common reason for felony cases to be dismissed (behind issues with evidence collection) and were responsible for 24 percent of total dismissals. Additionally, an analysis of case dismissals in 2016 and 2017 by the 2nd Judicial District Court found 12 percent of cases were dismissed due to issues with victims or witnesses.

One well-documented gap in victim services exists for survivors of sexual assault. In 2020, New Mexico had the 10th highest rate of rape among states, with the FBI estimating a total of 1,170 incidents, although reported cases represent only a fraction of actual sexual assaults. The National Intimate Partner and Sexual Violence Survey shows a total of 11.5 thousand adult victims of rape in the state in 2019, and the New Mexico Coalition of Sexual Assault Programs reports that child sexual assaults comprise 41 percent of reported sexual assaults in the state, with one in four girls and one in six boys experiencing sexual violence.

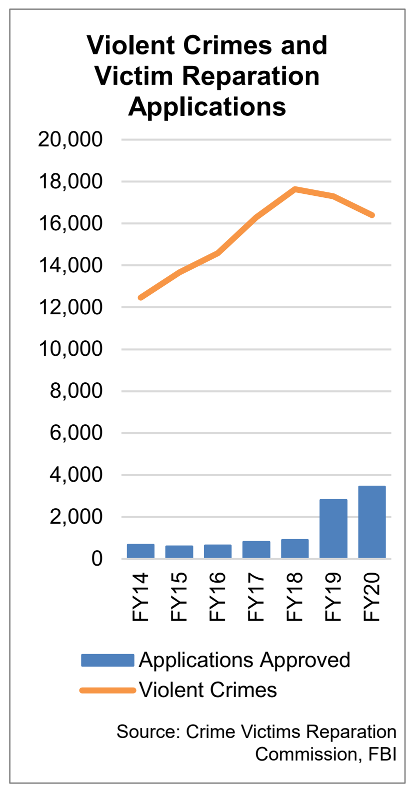
According to the national Centers for Disease Control and Prevention (CDC), the harms of sexual violence can be lessened through delivery of evidence-based programming following approaches that include victim-centered services, treatment for victims, and treatment for at-risk children. Currently, some sexual assault victims in New Mexico face year-long waiting lists for counseling services, and the number of sexual assault nurse examiners serving victims in the state has fallen 43 percent since 2019. Increasing funding for victim services is necessary to address existing gaps in the system, but increased funding alone is not sufficient to ensure these services are adequately meeting the state's needs. As with any evidence-based program, ensuring programs are implemented with fidelity and measuring outcomes is key. Accompanying increased appropriations with robust reporting requirements will allow the state to monitor the efficacy of these investments and ensure high-quality services are provided to crime victims throughout the state.



Community Needs

Social conditions within communities are believed to be linked to crime, and providing communities with the right tools and resources could contribute to crime prevention by addressing public health and social factors that contribute to criminal behavior.

Early childhood experiences may significantly impact criminal behavior later in life. Research shows children who experience trauma and other adverse childhood experiences (including witnessing intimate partner violence and experiencing harsh physical punishment) are more likely to be involved in crime and violence as adolescents and adults. The Legislature has supported many efforts to prevent or intervene in such situations, including connecting families to services and resources and providing evidence-based programs to reduce aggressive and violent behavior. New Mexico has used data to drive its investments in these areas, conducted research to identify gaps in services, and promoted cross-sector collaboration.



The 2018 LFC evaluation of crime in Bernalillo County suggested increases in poverty and illegal drug use (particularly methamphetamines), along with sustained unemployment, likely contributed to rising crime rates in Albuquerque between 2010 and 2017. The evaluation further found a relationship between the concentration of extreme poverty and shootings. Analysis of key indicators of poverty, drug use, and unemployment show similar patterns persist across the state, with New Mexico falling behind the rest of the country on socioeconomic factors. Children living in close proximity to violent crime do worse on standardized tests and tend to have lower economic mobility. Addressing violence, and particularly gun violence, within our communities is key to improving these outcomes.

Data-driven decision-making and collaboration should also be employed to address other community needs, such as gun violence. CDC recommends preventing firearm injury by using data to inform action, conducting research and applying science to identify solutions, and promoting collaboration across sectors to address problems. Examining gun violence through the lens of public health and epidemiology could help understand and prevent gun crimes. Colorado recently established a $3 million Office of Gun Violence Prevention to pursue such a strategy. Additionally, gun violence intervention approaches use analysis of local gun violence to inform working groups to design and implement local strategies. Albuquerque is currently implementing a version of this program called the violence intervention program. Evidence on the outcomes of such programs is mixed, but there is some evidence they can be beneficial and likely offer few drawbacks.

Ensuring the rights of both victims of crime and the accused has become an even greater challenge in an environment of social distancing and other public health measures. During the pandemic, courts mostly remained opened, except for times when jury trials were suspended or a court shut down for cleaning and quarantine due to pandemic restrictions or positive Covid-19 test. However, individuals dependent on judicial processes for problem-solving struggled at times to adapt to changes in trial procedure and protocol courts holding remote hearings struggled with the digital divide and decorum. But challenges during the pandemic led to innovation in the use of technology, more routine hearings held remotely, and online services to pay court fees. This created opportunities to reduce costs and improve efficiency and access to justice.

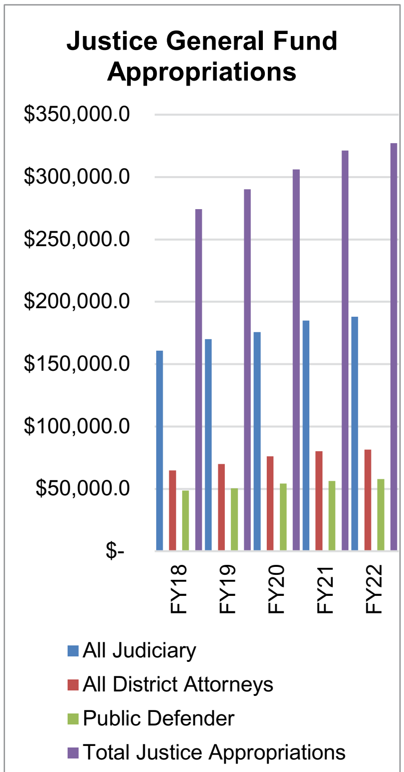
For more info:

Courts and Judicial Agencies Performance Page 141

Challenges and Opportunities for Reform

For a robust economic recovery to be successful, it must include ensuring meaningful access to justice for the state's most vulnerable and marginalized citizens. Accountability within the judicial system and the equitable distribution of resources among the courts, public defenders, and district attorneys requires the support of evidence based policies. The New Mexico Supreme Court formed a commission to educate judges on racial bias and promote policies to address systemic barriers within the criminal justice system.

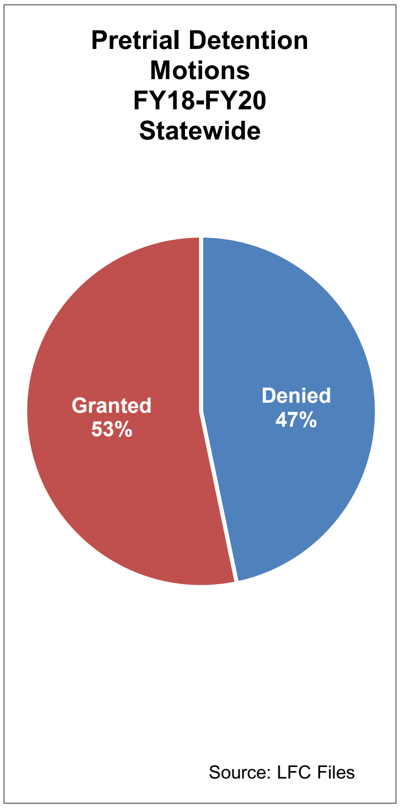
Removing Barriers. Cannabis criminal records have made it harder for New Mexicans to find jobs and rent homes for their families. Laws 2021, Chapter 3, provided for the automatic expungement of arrest and conviction records of cannabis-related offenses. For FY21 and FY22, the Legislature appropriated $500 thousand to the Administrative Office of the Courts (AOC) to implement those dismissals and expungements. The new law also requires the Department of Public Safety to identify records eligible by January 1, 2022, and share that data with prosecutors and the Corrections Department. Prosecutors then have until July 1 to challenge any findings. The Department of Public Safety reports about 155 thousand records may be eligible for expungement.

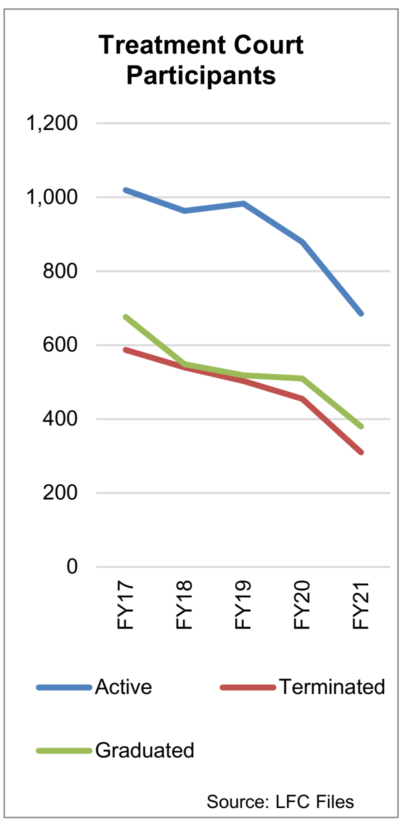


Source: LFC Files

The Judiciary

AOC oversees drug courts, mediation, and court-appointed attorneys, as well as special advocates, water rights adjudication, and alternative dispute resolution for the 13 judicial districts. In FY20, all administrative and budget oversight of magistrate courts was given to local district courts. The Administrative Office of the Courts continues to manage magistrate court facilities and leases for districts and report on judicial performance.





Pretrial Release and Detention. Both state and national research illustrates the importance of the pretrial period, when the state has the opportunity to detain individuals who pose a legitimate risk to public safety or set reasonable conditions of release that provide defendants with resources to be successful in the criminal justice process. A 2017 study published in the Stanford Law Review, "The Downstream Consequences of Pretrial Detention," found increased pretrial detention did not significantly reduce crime rates, but those detained were 43 percent more likely to be incarcerated than similarly situated released defendants. Research also suggests any amount of unnecessary detention comes with significant economic and behavioral health consequences, potentially worsening the rate of re-offense among more vulnerable individuals.

In 2016, voters in New Mexico overwhelmingly adopted a constitutional amendment reforming the cash bail system used to secure release from detention. The amendment, which prohibits imposing detention based on a person's ability to afford bail, also gave judges new authority to hold defendants deemed dangerous in custody. In the years since the constitutional amendment, prosecutors have complained the reformed pretrial timelines are too demanding. However, prosecutors in general have their motions granted more often than not.

In August 2021, the University of New Mexico Institute for Social Research examined the use of pretrial detention since implementation of bail reform in New Mexico. The authors examined cases between July 2017 and March 2020 that did not include cases during the pandemic, which the authors suggested may have altered pretrial detention outcomes. In particular, judges may have been less inclined to detain defendants due to transmissibility of the virus in jails. In addition, some jury trials were delayed, which may have extended detention for those being preventatively detained. Of cases analyzed over this time, only 5 percent of defendants were accused of a violent crime during their pretrial period.

Special Courts and Programs. The pandemic has exacerbated the crisis of problematic drug use across the nation. Drug courts can help break the cycle of substance abuse and substance-use-related crime by helping nonviolent offenders get the treatment and social services support they need to succeed. Drug courts require individuals to agree to a plea to participate, although little is known regarding their success in reducing problematic drug use and recidivism or their cost-effectiveness when compared with other interventions. In recent years, the Legislature increased investments in specialty court programs, in spite of the different approaches and few treatment providers in some areas. The Legislature has encouraged AOC over the years to improve metrics for program outcomes and opportunities. For FY22, AOC received a $400 thousand special appropriation to enhance reporting for specialty courts.

Some drug courts in New Mexico may also fail to take full advantage of medication-assisted treatment (MAT) for nonmedical use of opioid pain relievers for drug-abusing offenders despite many professional organizations considering MAT an evidence-based best practice for treating opioid dependence. In fact, some drug courts do not include, or know how to support, use of MAT for opioid dependence. In January 2021, the state Supreme Court replaced the New Mexico Drug Court Standards with the New Mexico Treatment Court Standards to reflect best practice recognized through research. The extent to which local jurisdictions will embrace these standards remains to be seen. Judges and judicial staff should consider increasing their knowledge about the effectiveness of MAT to increase its use when appropriate in drug courts.

District Attorneys

Case filings by prosecutors, who control entry into the criminal justice system by choosing which cases to pursue, might have declined between FY20 and FY21, although the information sometimes conflicts. PDD reports an 8 percent decline for their demographic; however, the percentage of cases that should have closed fell 18 percent, contributing to a backlog for courts. This backlog is in spite of fewer arrests and citations, efforts to reduce pretrial detention, and the settling of more cases through plea bargaining during the pandemic.

Staffing, Workload, Performance Reporting. At the request of the Legislature, district attorney offices submitted unified budget priorities for FY23, which included upgrading AODA's centralized case management system and additional pay for attorneys. However, the district attorneys do not have measures on successful prosecution rates, true workload, and diversion programs. The Legislature should continue to challenge the district attorneys to improve their performance metrics and, if outcomes need improvement, create action plans. This would help with more targeted budgeting to offices most in need.

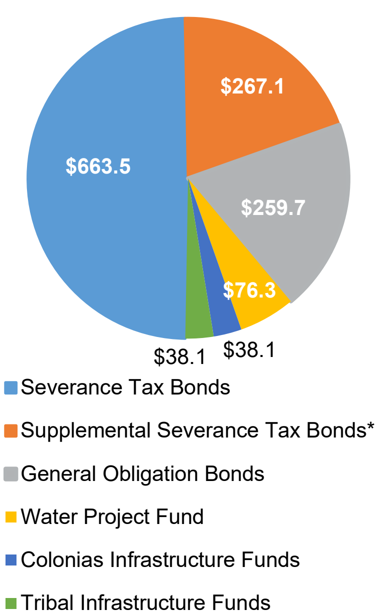
Public Defender Department

Staffing, Workload, Performance Reporting. About two-thirds of defendants meet the requirement for representation by the Law Offices of the Public Defender because their income does not exceed 200 percent of federal poverty level. At any given time, PDD uses about 150 contract attorneys to help meet that need. When compared with contract attorneys, PDD's in-house attorneys get more charges reduced, refer more cases for alternative sentencing placement, and take less time to resolve cases. In FY21, contractors were assigned an average of 113 cases each. PDD in-house attorneys were assigned an average of 182 cases each. PDD's performance target is 300 cases each. PDD has reduced its vacancy rate to 8 percent by recruiting attorneys nationally and offering geographic pay differentials. In FY23, PDD anticipates an increase in caseloads from people newly qualifying for services due to unemployment and other pandemic-related social or economic factors.

Post-Conviction. In addition to initially representing indigent persons charged with a crime, PDD also represents individuals post conviction for actual innocence, ineffective assistance of counsel, or improper sentencing claims and after confinement for lost "good time," medical complaints, or parole issues. During the pandemic, PDD filed emergency petitions asking for release of inmates at risk of serious illness from Covid-19 and those within a year of release or held only for parole and probation violations to reduce the risk of prison-acquired disease.

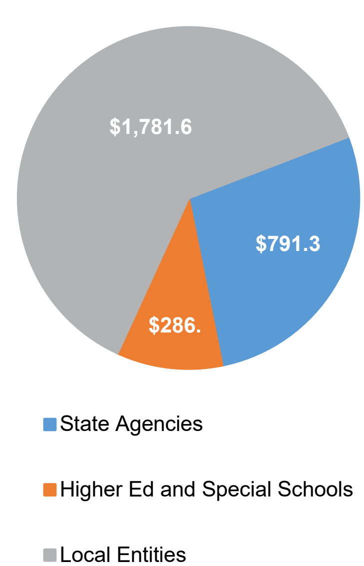
Public Infrastructure

Capital Outlay Bonding Capacity for 2022
(in millions)
Total Capacity: $1.3 billion



Source: DFA, LFC

Capital Outlay 2022 Requests
(in millions)
Total Requests: $2.9 billion



Source: DFA, LFC

Consecutive years of substantial nonrecurring revenues reduced the deferred maintenance backlog of infrastructure statewide. Still, significant needs remain in critical areas, including drinking water, wastewater, health, transportation, digital connectivity, and economic development. As construction costs increase, policymakers should continue to prioritize unfinished and shovel-ready projects related to public health and safety to maximize the impact of capital funds. However, the continued improvement of statewide infrastructure will require reliable funding for coordinated strategic plans that determine which assets to improve, replace, or decommission.

Capital Capacity and Landscape

Limited bonding capacity for capital outlay exacerbates the perennial challenge of allocating funds to the significantly greater infrastructure requests. As in past years, capital outlay requests from state and local entities for the 2022 legislative session are far greater than available funding, $2.9 billion in requests compared with $1.3 billion in bonding capacity. As of December 2021, requests included $286 million from higher education institutions and special schools, $791.3 million from state agencies, and $1.8 billion from local entities.

In addition to the estimated severance tax bond and general obligation bond capacity, $133.1 million in nonrecurring funds is available from the federal coronavirus capital project funds allocated through the American Rescue Plan Act (ARPA). The U.S. Treasury "presumptively approved" the funds for broadband infrastructure, digital connectivity projects, and multi-purpose community facilities that enable work, education, and health monitoring. Legislators may also choose to authorize nonrecurring general fund surplus and ARPA stimulus funds for capital outlay projects.

Investing in Infrastructure

Consistent state-level funding for certain types of capital outlay projects has improved infrastructure across the state. For example, the dedicated funding stream of supplemental severance tax bonds for public school facilities coupled with the systemic effort to invest in the highest priorities improved school buildings statewide. Similarly, the Legislature's annual investments in higher education instructional spaces has resulted in some institutions shifting their funding requests to auxiliary buildings, such as theaters and maintenance facilities.

Impacting other large infrastructure areas, such as dams, will require practical and effective planning supported with reliable funding sources. The Office of the State Engineer estimates dams in the state have $300 million of deferred maintenance needs requiring high-level plans and prioritized investments based on infrastructure conditions and public safety. Still, a comprehensive plan would far exceed budget constraints, and volatile funding sources are not conducive to implementing a multi-year strategy. Likewise, appropriations for state-owned facilities, such as prisons, often only cover emergency projects or health, life, and safety priorities. These investments remain necessary to reduce liability, but this approach must be in conjunction with a master plan informed by space utilization projections and programming needs. Without strategic capital initiatives, the state will over invest in legacy infrastructure and miss opportunities to build state-of-the-art facilities.

Outstanding Capital Projects by Year
(in millions)

Year	Projects	Amount Unexpended
2018	275	$117.5
2019	871	$394.0
2020	1,148	$610.4
2021	1,358	$650.1
Total	**3652**	$1,772.0

Note: Chart does not include 11 projects ($4.3 million) from 2016 and 2017. An additional $569 million for public school capital outlay remains unspent.

Source: LFC Files

The Dilemma of Unspent Funds

Capital outlay appropriations benefit the state by funding community-prioritized projects that improve the quality of life for New Mexicans. Additionally, capital funds provide a statewide stimulus to the construction, labor, and materials industries. Yet, 3,663 projects authorized in prior years with unspent balances of $2.3 billion remain outstanding. Health, safety, and economic development are profoundly impacted when capital projects are completed, but the obstacles to expediting capital project completion are numerous.

LFC Online: Understanding Government Finances

Finance Facts: Bonding Capacity

Project Planning. Local entities report the successful use of capital appropriations when multiple stakeholders determine infrastructure capital improvement plan (ICIP) priorities, project cost estimates are professionally obtained, and presession collaboration occurs with legislators. Capital appropriations stall when entities use ICIPs as wish lists, planning does not occur until after funds are appropriated, or a project not requested by an entity receives funding. Similarly, state agencies, higher education institutions, and local entities must avoid waste when resources are duplicated.

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General Services Department Performance
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State Requirements. In June 2021, the Board of Finance did not issue bonds for 116 authorized projects totaling $31.2 million due to the lack of audit compliance or project readiness. Executive Order 2013-006 requires the fiscal agent receiving a capital appropriation to demonstrate good standing through annual audits. The

A Closer Look: State-Funded Water Projects

A June 2021 LFC report, ***Program Evaluation: State-Funded Water Projects***, concludes many New Mexico communities have significant, unfunded water infrastructure needs, looming or immediate threats to water supply or quality, and limited financial, technical, and administrative capacity to address the need, despite significant state support.

From FY16 to FY20, the state provided roughly $876 million for water projects, and over the last decade, New Mexico made proportionally more state grant and loan funding available for water projects than any other state. However, the state's water finance system is fragmented and lacks a consistent strategy or goal, with at least 10 programs across four state agencies plus the Legislature offering grants and loans for water projects. In addition, the wide availability of state grants encourages discourages communities from seeking low-cost financing, limiting New Mexico's ability to fully leverage federal and local dollars and leaving tens of millions of dollars idle in revolving funds. Further, while the Water Trust Board and several other infrastructure fund managers score and prioritize projects, projects funded directly by the Legislature do not undergo any formal review process. Lack of planning prior to funding and piecemeal funding create risk that projects will not meet their intended purpose or will become plagued by long delays.

Proactive, ongoing investment in water projects is needed to not only continue basic services but also to allow New Mexico grow, even as the state confronts a widening gap between water supply and demand. The LFC report recommends creating an interagency water project review team whose analysis would be used by the Legislature, implementing standard policies and award activities among water project agencies, and developing a system for reporting on spending and progress to the Legislature.

Outstanding Capital Projects by Select Agencies
(in millions)

Administering Agency	Projects	Amount Unexpended
Higher Education	496	$404.90
Dept. Finance and Administration	1098	$357.50
General Services Dept.	74	$144.00
Dept. of Transportation	276	$132.80
Indian Affairs Dept.	385	$161.40
Environment Dept.	334	$100.40
New Mexico Finance Authority*	156	$136.90
Aging and Long-Term Services	257	$51.40
State Engineer	179	$50.20
Dept. of Information and Technology	15	$48.70
Other Agencies	393	$188.10
Total	**3663**	**$1,776.30**

* Water and Colonias Projects

Source: LFC Files

Estimated New Mexico Allocations in the Federal Infrastructure Investment and Jobs Act
(in millions)

Spending Area	Estimated NM Allocation Over ~5 years
Roads, bridges, and major projects	$2,725
Public transit	$372
Airports	$90
Electric vehicles	$38
Power infrastructure	$38
Broadband	$100
Water infrastructure	$355
Wildfires	$38
Cybersecurity	$13
Estimated Total	**$3,769**

Source: US Chamber of Commerce, White House, and FFIS

Board of Finance requires fiscal agents to certify project readiness to use bond funds by committing to spending at least 5 percent of an appropriation in six months and 85 percent in three years.

Additionally, appropriations to nongovernmental entities, such as nonprofit organizations, require fiscal agent agreements with a local government to comply with the anti-donation clause of the New Mexico Constitution. Local governments report projects intended for nonprofits are more successful when fiscal agent agreements are in place prior to requesting and receving the appropriation.

Administrative and Technical Capacity. Limited staff and turnover at both the local and state level hinder administrative tasks related to grant agreements, the procurement process, notices of obligations, and reimbursement requests. The sheer number of 3,663 active appropriations statewide demonstrates the administrative workload. The Indian Affairs Department has two staff overseeing 385 projects ($195.4 million), including projects authorized from the the tribal infrastructure fund. Likewise, a 2021 Legislative Finance Committee evaluation of state-funded water projects found small and rural governments face significant delays when there is high turnover rate at the local level.

Similarly, small and rural entities struggle to obtain professional services and qualified contractors for certain projects, such as water systems requiring significant design and engineering expertise. Urban governments often maintain in-house expertise or seek local contractors, but considerable demand for architects, engineers, and project managers compounded by the preference for urban projects can lead to poor outcomes for critical projects in rural communities.

Right-Sizing State Support. Different types of projects and various entities necessitate varying degrees of state support to use appropriations effectively. State agencies overseeing capital appropriations help with annual training, statutory compliance, budget development, financial reimbursement, and technical support. The shortage of professionals in rural areas could be mitigated by collectively bidding similar projects or through state agency expertise. Currently, some agencies cannot support local entities. For example, project managers at the Environment Department (NMED) Construction Bureau each manage an average of 124 drinking water and wastewater projects. NMED reports project managers should ideally be assigned no more than 70 projects.

Piecemeal Funding. Piecemeal funding, or allocating partial amounts required for a project over time, is often rooted in a lack of planning and a pro-rata funding system that encourages money to be allocated in small portions over multiple years. This system is especially complicated for rural legislators who represent large geographic areas because the funds to support major infrastructure projects across multiple communities are unavailable.

Partial funding may also result from poor cost estimates that are prepared by inexperienced estimators or do not fully account for "soft" costs. Soft costs, including design work, engineering, inspection, and gross receipts taxes, can contribute up to 30 percent of total project costs. Both state and local entities may need more opportunities for training on estimating soft costs for determining more accurate total project costs.

Increasing Construction Costs. Even well-planned projects with professionally obtained estimates face completion difficulties and cost overruns due to supply chain disruptions and labor shortages. Construction costs typically increase 5 percent annually, but data between 2020 and 2021 show a 25 percent increase. Large institutions, including the General Services Department, the University of New Mexico Health Science Center, and Eastern New Mexico University, moved forward with projects in the escalated bidding environment by absorbing additional costs. However, smaller entities, including water trust fund grantees, report being unable to procure professional services and construction materials with available funds.

Reauthorizations. With limited capital funds, legislators may consider redirecting inactive funds to projects that can be completed. Reauthorizations provide the mechanism to shift funding if community priorities have changed. If capital projects remain inactive and weak revenues follow, unencumbered funds may potentially be swept into the general fund or swapped for other funding sources, as occurred during the 2020 special legislative session.

Right-Sizing the Government Footprint

While the state workforce has declined, the space occupied by state agencies remains relatively unchanged. Employment across the legislative, judicial, and executive branches, currently at 21.5 thousand, fell by over 400 FTE between November 2020 and November 2021 and remains 16 percent lower than the 25.7 thousand employed at the beginning of FY09. Despite a decade of growth since the Great Recession of 2008, state employment remains lower than it was prior to the recession. State agencies apparently were able to better leverage technology and create efficiencies to permanently reduce the size of the administrative workforce needed to carry out agency missions.

The Covid-19 pandemic has changed the picture even more dramatically, and state facilities sit empty as government employees work remotely. Some agencies report ad hoc telework arrangements are improving efficiency and are well-liked by employees. Just as agencies adapted to a smaller workforce following the Great Recession, work practices are likely to be permanently altered by the pandemic.

Recognizing the potential for remote work options to permanently change the number of employees in the workplace, the Facilities Management Division (FMD) began working with agencies to determine the need for space in the future. Right-sizing the government building footprint provides a savings opportunity by eliminating extraneous leases and guiding effective investment in state-owned facilities. FMD reported state agencies maintain active leases in 29 counties totaling 2.2 million square feet at an annual cost of $41.6 million. Changes in space requirements brought on by telework created opportunities for the state to consolidate agencies into underutilized facilities as well as to pursue other options, such as creating hoteling arrangements in which staff from multiple agencies may occupy the same space on differing schedules.

Master Planning for the Contemporary Workforce

The process to achieving savings requires a comprehensive review of the leased inventory and of state-owned assets, an understanding of projected agency

LFC Online: Understanding Government Finances

Finance Facts: Capital Outlay Process

According to a 2021 study commissioned by the New Mexico Finance Authority, reforming the capital outlay process is the single most important action that would catalyze economic development finance in New Mexico. Over the years, proposals have taken aim at developing a more efficient process for planning, prioritizing, and funding capital outlay projects.

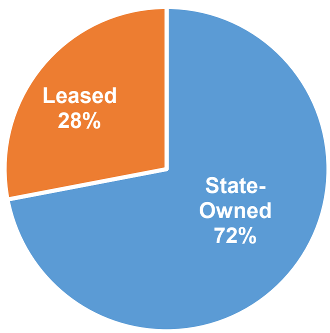
Proposed reforms include defining the process of selecting and funding projects, clarifying the definitions and limitations on what projects are eligible for capital outlay appropriations, and improving how the state monitors projects and ensures they are completed.

Under Laws 2021, Chapter 122, the Legislative Council Service will publish the sponsors of appropriations included in capital outlay legislation. Additionally, the 2021 capital outlay bill requires reverting general fund appropriations if 5 percent of the total amount is not encumbered by the end of 2022.

Top Three Agency Annual Lease Cost (in millions)	
Human Services Department	$16.30
Children, Youth and Families Department	$7.00
Department of Health	$4.00
Total	$27.30

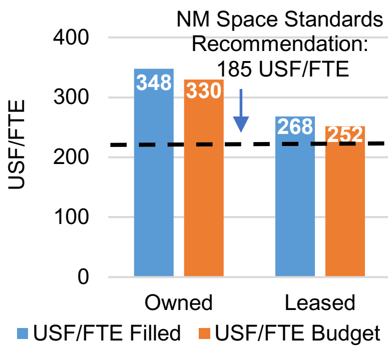
Source: LFC Files

Square Footage Occupied by State Agencies in Santa Fe Area



Source: GSD. CBPC

Usable Square Feet Per FTE for State-Owned Buildings in the Santa Fe Area



Source: GSD, CBPC

In 2011, the Capitol Buildings Planning Commission published goals and implementation strategies for locations with a significant state-owned presence. The principles include guidance on the locations for different types of agencies.

Main Capitol Campus

- Constitutionally created or statutorily attached agencies, including elected officials;
- Agencies with a high degree of legal or financial responsibilities;
- Agencies with a high degree of interaction with constitutional agencies; and
- Agencies with a special relationship to the capitol area.

South and West Capitol Campuses

- Agencies providing administrative and support functions, and
- Field offices.

workforce needs, and a commitment to creating and abiding by standards for space assignment and agency relocation.

Attempts to plan state office space, leased and purchased, have met with challenges. For example, in 2019 the governor vetoed multiple appropriations for planning, including $500 thousand for FMD to conduct facility master planning, requested by the agency, and $300 thousand for the Corrections Department to conduct facility master planning. The vetoed appropriation for the Corrections Department would have been paired with a $200 thousand 2018 appropriation to provide sufficient funds for the agency to conduct a master plan to determine the best facility investments for a prison system with nearly $300 million in deferred maintenance needs. In addition to vetoes for planning, the governor also vetoed $200 thousand to study the conditions of Department of Cultural Affairs buildings, which house priceless art and other items of historic and cultural significance. Accountability in Government Act measures on square feet per FTE were also vetoed, data which would have been useful for planning.

In recognition of the need for planning, the FMD director provided $548 thousand for Santa Fe facilities master planning in the 2019 capital building repair fund schedule of repairs. An additional $165 thousand was used for security master planning. In July 2021, FMD completed the master plan. While the report states office space was fully occupied before the pandemic, it notes agencies had more space per employee than the state space standards recommendation of 185 usable square feet per FTE, exceeding the standard by 88 percent in state-owned space and 78 percent in leased space. The master plan recommends improving existing spaces through renovation, clustering agencies by service type, and moving agencies from leased space to state-owned space.

Capitol Buildings Planning Commission

Nearly 10 years ago, the Capitol Building Planning Commission (CBPC) determined the state needs more office space in the main capitol complex in downtown Santa Fe. CBPC consultants developed siting principles for a new executive office building (EOB) including maintaining the New Mexico State Capitol as a focal point and respecting the ambiance of downtown Santa Fe and the historic district while at the same time maintaining the existing street network and the best use of available land.

The FMD director of General Services Department (GSD) and representatives of Architectural Research Consultants, Inc., identified the location across from the capitol currently occupied by the Concha Ortiz y Pino building and adjacent parking area to build the EOB. During testimony before the commission in 2021, GSD presented capacity studies showing the site could accommodate a 192,000 square foot building with over 700 underground parking spaces. GSD identified the Auditor, Treasurer, Secretary of State, Department of Finance and Administration, and Public Education Department as potential occupants of the EOB, with the Administrative Office of the Courts and State Engineer subsequently moving into state-owned space vacated by those entities.

Information Technology

Demand for IT upgrades and replacements will continue to grow as old infrastructure becomes insufficient and agencies seek cost-effective solutions

A Closer Look IT Charges and Equipment Replacement

The Department of Information Technology has a continued need to improve its management of its enterprise services to other states agencies and its equipment replacement fund, supported by enterprise service fees, the May 2021 report ***Program Evaluation: DoIT Enterprise Services and Equipment Replacement Fund*** concludes.

In the report, staff find DoIT has made some progress on recommendations in November 2016 report that found the department had significant cash balances, lacked adequate planning and nontransparent processes, and needed to develop better service delivery agreements. However, the department fails to adhere to statutorily created policy on the use of equipment replacement funds, continues to accumulate significant cash balances, lacks transparency in how it sets the rates it charges other agencies, and waives independent verification of the IT projects it supervises, resulting in those projects expanding in budget, time, and scope.

The evaluation recommends the department implement a range of management guardrails and the Legislature amend state law to create a process authorizing state agencies to seek outside providers of some services.

to upgrade or replace aging technology. The state and DoIT should prioritize projects with the highest returns on investment to best leverage the state's limited resources to address these growing needs.

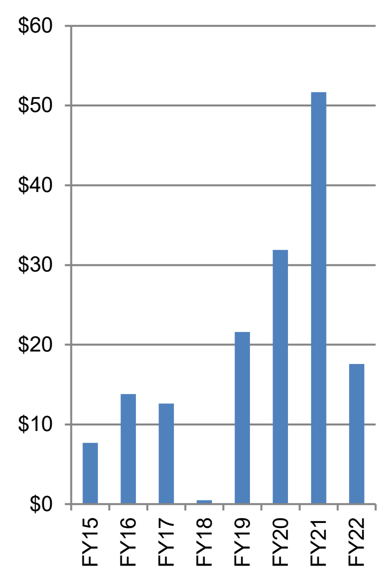
For more info:

Information Technology Projects Performance Page 166

State Information Technology Priorities

Broadband. According to the Department of Information Technology's *2020 State of New Mexico Broadband Strategic Plan*, between 126 thousand and 196 thousand New Mexico locations lack access to broadband, or roughly 13 to 20 percent of all homes and businesses statewide. Availability of broadband has wide-ranging impacts on education, economic development, healthcare, and employment, and the state should prioritize investments that can support a wide-range of services and uses for disconnected homes and businesses. Previous LFC reports noted that broadband funding has increased dramatically in New Mexico since the start of the Covid-19 pandemic as a way to address and attempt to close the digital divide. Funding allocated for broadband includes $158.3 million from state and local sources and $194.3 million from federal sources since 2018, of which $141.4 million is newly allocated funding for FY22.

General Fund IT Appropriations (in millions)

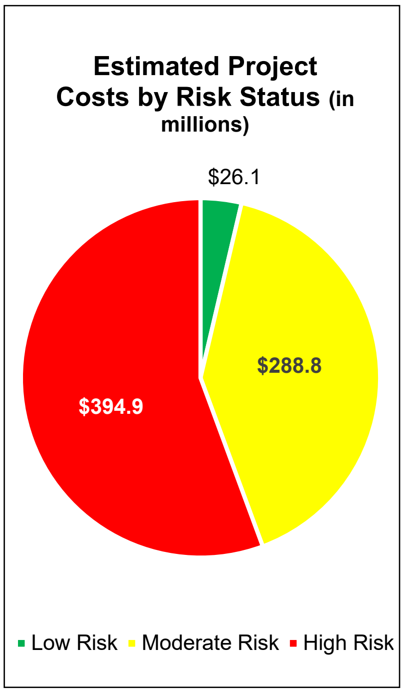


Source: General Approriation Acts

The Office of Broadband Access and Expansion (OBAE), created along with the connect New Mexico fund, and the connect New Mexico council in 2021, currently has $128.3 million in available funding for use, but total program costs are to be determined and will likely require recurring program funding. The OBAE has not made progress on spending available funds to support broadband projects for FY22, including $25 million to fund broadband access for schools and students. However, the Governor's Office did announce the hiring of a broadband advisor, who started the position in December 2021. DoIT and the newly created OBAE should prioritize the most cost-effective solutions for broadband infrastructure deployment with the newly allocated funding.

IT Project Management. Best practices for managing high-cost, high-risk IT projects suggest implementing a formal governance structure to establish adequate IT project governance made up of leaders from key agencies and IT leadership. DoIT has followed some best practices in establishing transparent oversight functions over state IT initiatives. For instance, the DoIT IT project data

New 2021 legislation establishes the Office of Broadband Access and Expansion, the connect New Mexico fund, and the connect New Mexico council. The fund was created through the Connect New Mexico Act (House Bill 10) and received appropriations totaling $100 million. DoIT's portion of broadband funding for FY22 totals $28.3 million, including $500 thousand to DoIT for staffing and $100 thousand for a broadband director position at the governor's office.



dashboard, available on the agency's website, has improved accountability and transparency within the agency for statewide IT project status reporting. However, the dashboard reflects self-reported information from the agencies and is limited in the amount of information that can be uploaded into the dashboard. Without an oversight body to serve this purpose, DoIT will need to make up for this lack of oversight with stricter adherence to best practices.

A 2019 report published by the General Services Administration (GSA) found only 13 percent of large technology projects, valued at $6 million or greater, are successful. The failure rate increases with cost; only 8 percent of projects costing $10 million or more are successful. Large IT projects should be closely monitored by DoIT and the state to ensure high-risk, high-dollar projects are appropriately managed and that risks are mitigated early on in the project lifecycle to prevent substantial changes to the project schedule, budget, or scope.

Radio Upgrades. DoIT's P25 digital statewide public safety radio system upgrade project is meant to upgrade and replace public safety radio equipment and systems with digital mobile communications. The project began in 2018 and was initially estimated to be completed in 2024 at a total cost of $150 million. However, the cost of the project increased by $20 million, or about 13 percent, due to an expansion for Sandoval County as well as an unanticipated expansion to Buck Mountain, A Mountain, Socorro Mountain, Midway, and the Mesa rest stop site North of Roswell. DoIT reports the partnerships with nonstate entities will add more subscribers to the system and will provide additional revenue, which will offset future costs. As of the end of FY21, DoIT has successfully transitioned the following subscribers to the new P25 system: Albuquerque and Bernalillo County, Spaceport America, the U.S. Bureau of Alcohol, Tobacco, Firearms, and Explosives, U.S. Marshals, the federal Forest Service, and New Mexico State University.

Since FY13, the Legislature has appropriated over $52.1 million for statewide radio infrastructure, including $1.5 million for a gap analysis and an assessment of public safety communication systems statewide and $14.3 million for the statewide infrastructure replacement and enhancement (SWIRE) project. This also includes an $8 million FY22 capital outlay appropriation and $1.5 million transferred from another DoIT project. Additionally, DoIT increased available funding for the P25 project by $1.3 million in FY19 and $5 million in FY21 for radio infrastructure and devices from its enterprise equipment replacement fund (ERF). In FY20, DoIT submitted a budget adjustment request that includes $1 million from ERF for the P25 project and in early FY22 DoIT reported additional contributions of $7 million from Eddy County to support the project. DoIT reports spending over $15.8 million, not including $8 million in encumbrances as of September 2021.

Public School Capital Outlay

Zuni Capital Outlay Adequacy Lawsuit

The 1999 *Zuni* lawsuit, which found the prior practice of locally funded school construction was unfair to property-poor districts, remains open despite the state's investment of $2.7 billion since the ruling to improve school facilities. In 2015, plaintiff school districts asked the court for a status hearing on new claims of inequity, contending property-poor districts could not raise sufficient local capital outlay revenue to maintain capital assets and build facilities beyond the basic educational adequacy standards, while districts with available local revenues could do so.

In 2021, the Legislature removed credits for federal Impact Aid payments to school districts with federal property from the public school funding formula, allocating $66 million in new money primarily to *Zuni* plaintiff districts for capital outlay, Indian education act programs, and community school initiatives. Following these changes, however, the court ruled New Mexico's system remained unconstitutional and dismissed the state's motion to close the case, noting legislative changes to remove the Impact Aid credit were positive but did not resolve issues of uniformity and sufficiency in the system.

Despite claiming a significant portion of state aid for facility construction and improvements in recent years, *Zuni* plaintiffs contend the capital outlay system continues to be inequitable. In 2019, the Legislature created a new formula that shifted more of the burden for financing public school capital outlay to property-rich districts and set the formula for full implementation by FY24. In 2021, the Legislature once again amended the formula to account for new unrestricted revenue (such as uncredited Impact Aid dollars) in determining the local share of construction funding, beginning in FY25. As both formulas change the distribution of resources over time, the state should closely monitor capital expenditures, facility conditions, and educational adequacy of buildings to assess the equity of the system and make adjustments, if necessary.

School Conditions. New Mexico's school facility conditions have significantly improved since the *Zuni* lawsuit. The Public School Capital Outlay Council (PSCOC) uses two indices to measure the condition of a school building—the facility condition index (FCI) and the weighted New Mexico condition index (wNMCI). The FCI reflects a ratio of the cost of repair and improvement against the cost to replace the facility; a lower number reflects a building in better condition. Generally, PSCOC considers replacing rather than renovating and repairing a building with an FCI greater than 60 percent. The wNMCI functions similarly to the FCI, but further considers the cost to correct deficiencies based on educational adequacy standards. PSCOC uses the wNMCI to rank and prioritize school facilities for project funding.

The state's investment has improved the statewide average FCI from 70 percent in FY04 to 52.4 percent in FY21. Furthermore, the average wNMCI for all school districts has improved from 40.5 percent in FY05 to 21 percent in FY21, and more schools are leveraging tools provided by the Public School Facilities Authority (PSFA) to improve maintenance. PSFA's facility maintenance assessment report suggests statewide average maintenance quality is meeting 72.2 percent of benchmark practices—meaning most facilities are maintained at a level that will help systems reach their full expected building life.

Public School Capital Outlay Initiatives

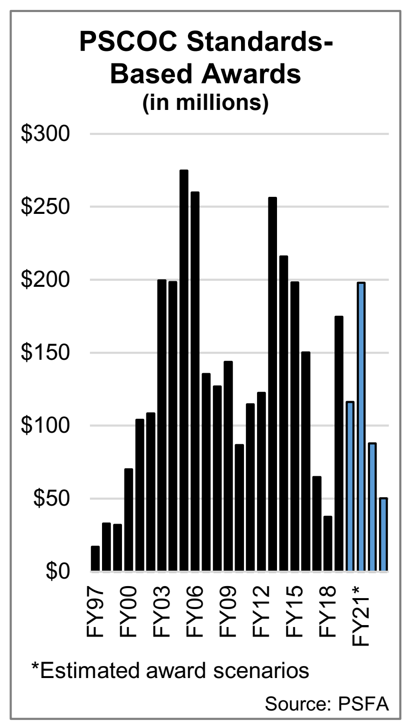
Recent growth in oil and gas revenue has subsequently expanded supplemental severance tax bond capacity, the primary revenue source for PSCOC-funded projects. However, pandemic-related student enrollment declines, federal stimulus aid, higher construction costs, and facility improvements have dampened recent demand for PSCOC awards. Absent an influx of large school replacement projects, the public school capital outlay fund may see excess capacity in the coming years.

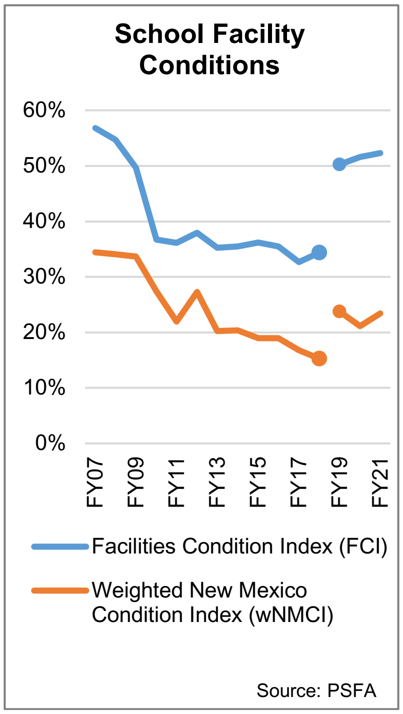
IT Project Status Report Ratings and Estimated Project Costs, FY21 Q4

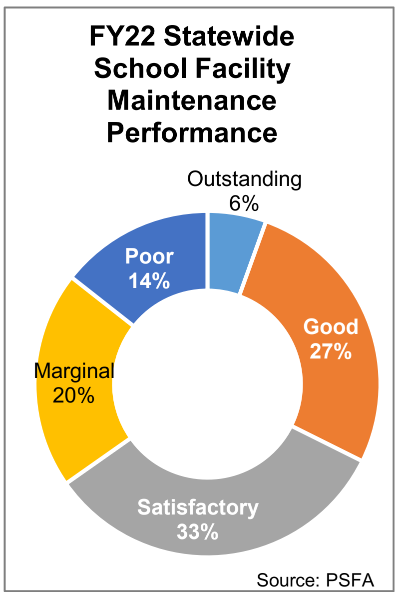
Agency & Project Name	Overall Rating	Cost (millions)
HSD's MMISR		$346.3
DoIT's P25		$170.0
HSD's CSESR		$65.6
CYFD's CCWIS		$45.4
DoIT's SWIRE		$14.2
NMCD's OMS		$14.8
DoIT's Broadband		$10.0
SLO's RAPS		$11.9
DPS's RMS		$7.4
DoIT's Cyber Upgrade		$7.0
RLD's Accela Replacement		$7.3
State Broadband Program		$111.7

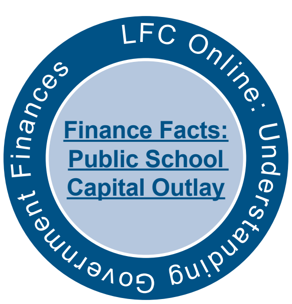
Source: LFC IT Report Cards

In August 2021, Albuquerque Police Department officers were seen using the new DoIT P25 radio equipment to oversee a cycling race at the base of the Sandia Mountains, and the system was noted as an essential tool for ensuring a quick response to recent officer-involved shooting incidents in Albuquerque.









Broadband and Systems. Federal emergency relief for public schools during the pandemic authorized the use of funds for educational technology and facility improvements relating to air quality. Given spending deadlines for federal funds, many schools have budgeted emergency aid for computers, Internet connectivity, and heating, ventilation, and air conditioning (HVAC) systems. Although federal dollars have alleviated some pressure from PSCOC to award funds for similar purposes, these current infrastructure investments will increase demand for replacements and upgrades moving forward.

The Legislature established the broadband deficiency correction program (BDCP) in FY14 to address statewide education technology needs. The pilot program helped New Mexico leverage state, local, and federal funding (particularly federal E-rate dollars, which can cover nearly 90 percent of costs) to connect virtually all schools to broadband. With the transition to remote learning due to the public health emergency, the need for broadband connectivity to households with students became more urgent. In 2021, the Legislature expanded the use of the public school capital outlay fund for broadband connectivity outside of the school, ensuring students and teachers could conduct remote learning effectively.

In FY17, PSCOC began piloting a systems-based award application process to address improvements in roofing, electrical distribution, electronic communication, plumbing, lighting, mechanical, fire prevention, facility shell, interior finishes, and HVAC systems. Although system improvements can extend the useful life of existing buildings and represent a more cost-effective means to improving facility conditions, districts may have greater incentive to wait for standards-based award to replace the building rather than invest in improvements that may be demolished during the replacement.

Teacher Housing and Demolition. In 2021, the Legislature authorized the use of PSCOC funding for demolition of abandoned facilities. With student enrollment continuing to decline, school districts need to right-size facilities and campus footprints to reduce fixed operating costs. Additionally, PSCOC created a new teacher housing program in response to the growing need to recruit teachers in remote areas and tribal lands. With rising housing prices; however, teacher housing may become an integral part of overall compensation packages to recruit and retain teachers in urban areas as well.

Transportation Infrastructure

The construction needs of the transportation network, 30 thousand lane miles of interstate corridors and U.S. and state highways maintained by the Department of Transportation (NMDOT), have increased as routine maintenance has been deferred. Growth in the state road fund has been slow and the revenue generated is insufficient to meet construction and maintenance demands. The Legislature found persistent underfunding of infrastructure projects led to the need for both recurring and nonrecurring appropriations to pay for maintenance and construction statewide.

Road Conditions

NMDOT monitors road condition on an annual basis as part of federal reporting requirements. In FY19, the most recent year for which data are available, NMDOT reported 90 percent of New Mexico interstates were in fair or better condition while

88 percent of national highway system miles were rated fair or better. However, the department notes the pavement ratings cover only surface conditions, and often overlook major roadway deterioration. For example, many minor treatments, such as crack sealing or thin pavement overlays on otherwise deficient roadbeds, will improve reported road conditions from poor to fair or good.

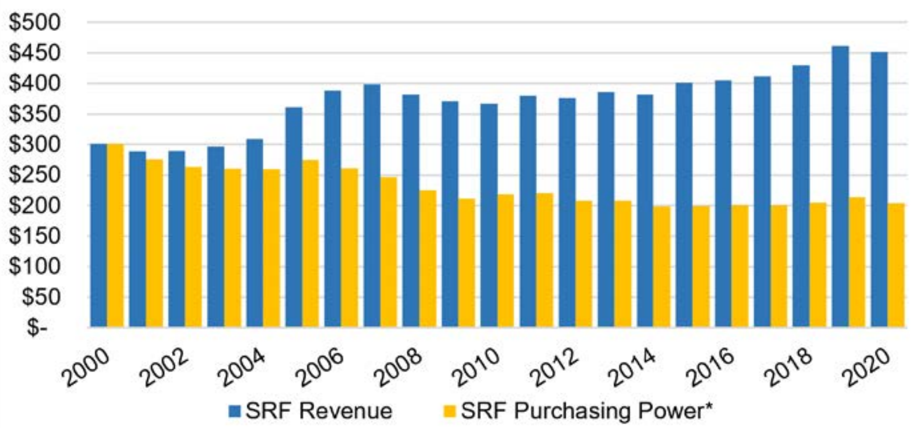
For more info:
Department of Transportation Performance
Page 145

For FY20, the department estimated $317.8 million per year is needed for maintenance across the state while the FY20 budget provided only $214.6 million. The $103 million maintenance shortfall will trigger costlier repairs later. For example, roads in good to very good condition require treatments costing between $16 thousand and $37 thousand per lane mile, while roads in poor condition requiring reconstruction cost up to $1.5 million per lane mile.

Road Funding

The state road fund (SRF) accounts for approximately half of NMDOT operating revenue and is used to match federal funds for construction, as well as pay for most road maintenance activity. For the past two decades, growth in SRF revenue has been outpaced by construction price increases.

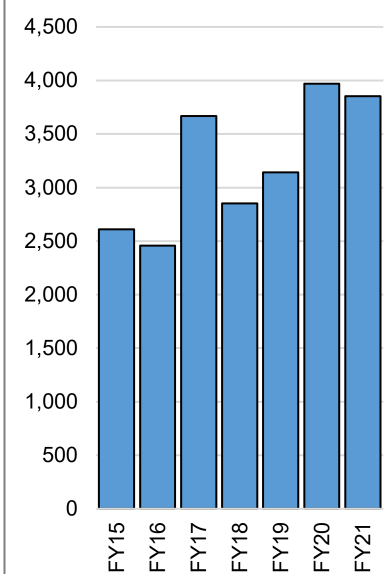
State Road Fund Revenue and Purchasing Power
(in millions)



*Adjusted using nonresidential construction index

Source: NMDOT

Number of Statewide Pavement Miles Preserved



Source: NMDOT

The SRF is mostly composed of revenues from gasoline and special fuel (diesel) taxes, taxes and fees on commercial trucking, and vehicle registration fees. SRF revenue growth has been outpaced by construction price inflation. Since 2011, SRF revenue increased by $72 million, or 19 percent. However, inflation over this time period increased by 27 percent resulting in the purchasing power of the SRF falling by 7 percent, or $16 million.

Slow SRF revenue growth is primarily attributable to gains in passenger and commercial vehicle fuel efficiency and slow population growth. New Mexico has the lowest gasoline tax in the southwest region at 17 cents per gallon. The tax was last changed in 1995 when it was reduced by 3 cents per gallon. Neither the gasoline nor special fuels taxes are indexed to inflation, resulting in constantly eroding revenue streams to the SRF.

FY22 State Road Fund Revenue Sources, Recurring
(in thousands)

Gas and Special Fuel Taxes	$240,200
Weight Distance Tax	$100,800
Vehicle Registration	$84,440
Other	$84,860
Total	**$510,300**

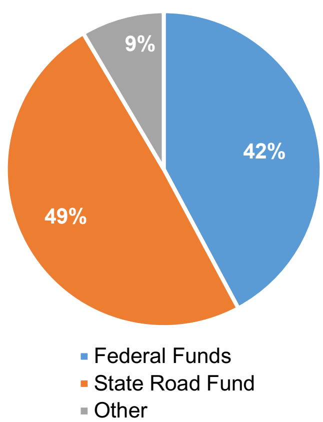
Source: NMDOT

In addition to other factors, electric vehicles (EV) are poised to further reduce revenue to the SRF. The falling price of electric vehicles and shifting consumer

LFC Online: Understanding Government Finances

Finance Facts: Highway Funding

FY22 DOT Revenue by Source



Source: LFC Files

preferences have led to rapid growth of the EV market share. As charging infrastructure becomes more widespread and EV manufacturers begin producing additional vehicle types, like trucks and larger sport utility vehicles, more and more drivers are likely to transition away from internal combustion engines. Because there is currently no specific tax or registration fee on EVs, each additional EV on the road reduces revenue that would otherwise have been raised through fuel taxes.

Revenue from the special fuels tax and weight-distance tax on commercial trucking are driven by national consumer demand and tend to be closely related to the state of the U.S. economy; strengthening consumer demand leads to increased consumer spending and increased freight movement. While strength in the weight-distance revenue is encouraging, it is highly sensitive to changes in national economic conditions.

The Legislature recognized the revenue shortfalls at NMDOT and increased motor vehicle taxes to bolster the road fund. Laws 2019, Chapter 270, increased the motor vehicle excise tax rate from 3 percent to 4 percent and directed the additional revenue, estimated at $56 million per year, to the NMDOT for road improvements in the southeastern portion of the state in FY20 and FY21. It then splits the revenue between the SRF and local governments beginning in FY22. Also beginning in FY22, the distribution to the general fund will fall from 3 percent to 2.5 percent, and the distribution to the road fund will increase from 1 percent to 1.5 percent.

Nonrecurring Revenue

The Legislature has recognized the historic funding shortfall faced by NMDOT and prioritized additional funding for the agency. Between 2018 and 2020, $637 million in nonrecurring general fund appropriations were made for state and local roads. The revenue shortfalls brought on by the Covid-19 pandemic necessitated budget reductions during the 2020 special legislative session, and $120 million was cut from prior road appropriations. However, the Legislature provided NMDOT the authority to issue $75 million in bonds beginning in FY23 to ensure the projects would be fully funded by the time they are shovel-ready.

Revenue projections improved between the special session and the fall, resulting in the state having more nonrecurring revenue than anticipated. While the department has requested the authority to issue bonds be accelerated to FY21, it is possible that all, or a portion, of the rescinded appropriations could be restored during the next legislative session.

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Natural Resources

Despite the current oil boom, the overall trajectory of the energy sector is toward renewable and clean energy sources due to a combination of environmental and public health concerns, economic conditions, and public policy. State agencies are increasing oversight of the oil and gas industry's greenhouse gas emissions and developing programs to address and prepare for the effects of climate change. In addition, the Legislature may establish clean fuel standards and create policies to promote hydrogen production in the upcoming session. And while water scarcity is by no means a new challenge for New Mexico, weather trends have intensified the situation in a perhaps permanent way, necessitating innovation in water management that will help the state adapt to its new reality.

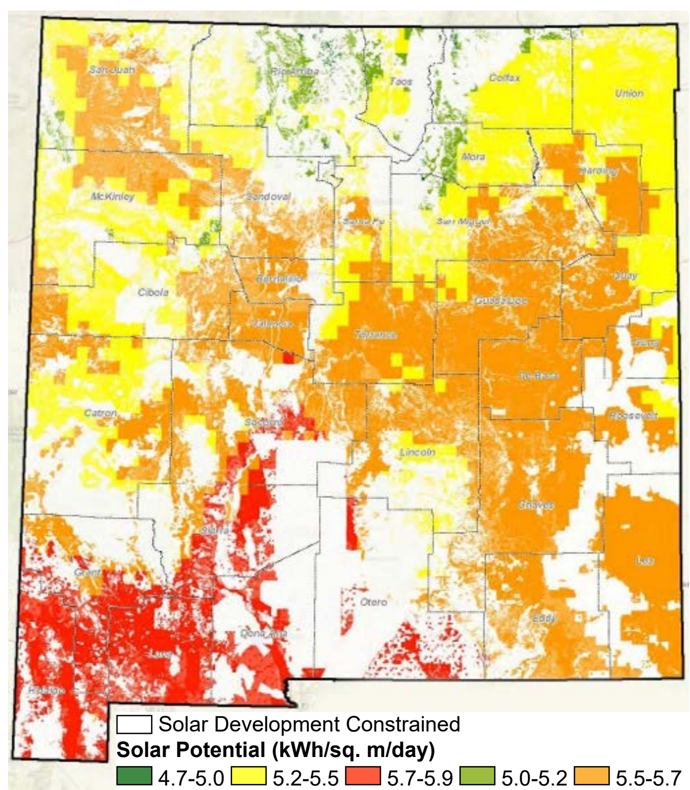
For more info:
Energy, Minerals and Natural Resources Performance Page 151

LFC Online: Understanding Government Finances
Finance Facts: Oil and Natural Gas Production

New Mexico's Changing Energy Economy

Environmental and economic factors alike are driving a push to replace fossil fuel extraction with development of New Mexico's abundant renewable energy resources. Development of renewable energy infrastructure presents an opportunity for New Mexico to diversify and grow its economy, create new jobs and revenue streams, and inject capital into local communities across the state. Reducing fossil-fuel-based energy production and consumption will also reduce emissions of carbon dioxide (CO2), methane, nitrous oxide, and fluorinated gases–collectively known as greenhouse gases. The major challenge for New Mexico will be finding ways to replace the large amount of revenue the state relies on from the fossil fuel industry.

Solar Energy Development Potential in New Mexico

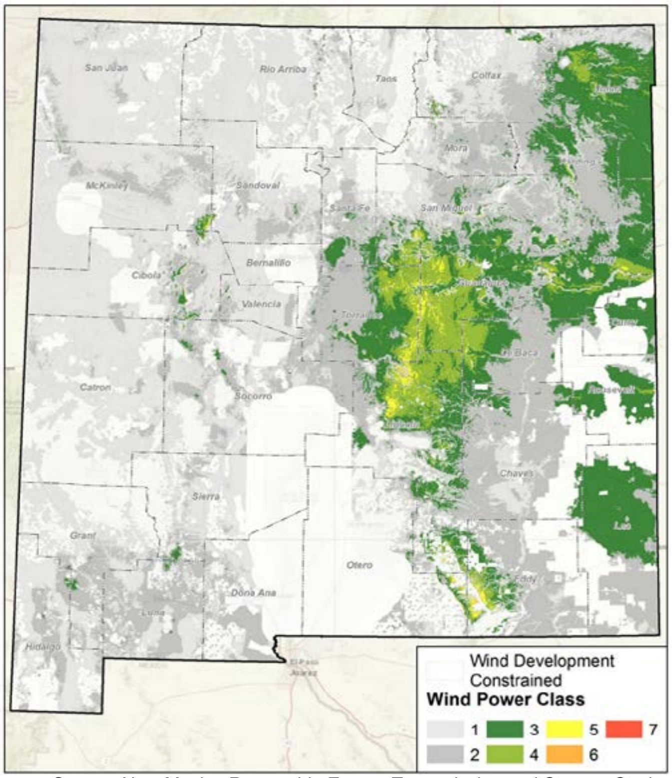


Source: New Mexico Renewable Energy Transmission and Storage Study, Summary of Key Findings

The Energy Transition Act of 2019 will dramatically increase the share of electricity produced by renewable sources in the next 10 years and require publicly regulated utilities to be completely carbon free by 2045. New Mexico is one of just nine states in the country to enact this type of 100 percent clean energy target. The renewable portfolio standards put New Mexico in a strong position to supply renewable energy to other states in the region, especially given that some nearby states have clean energy goals but less wind and solar potential.

Looking beyond wind and solar energy, public officials and members of the private sector alike are touting hydrogen as the next great opportunity for New Mexico to secure space in a new economic sector and continue decarbonizing other industries besides electricity

Wind Energy Development Potential in New Mexico



Source: New Mexico Renewable Energy Transmission and Storage Study, Summary of Key Findings

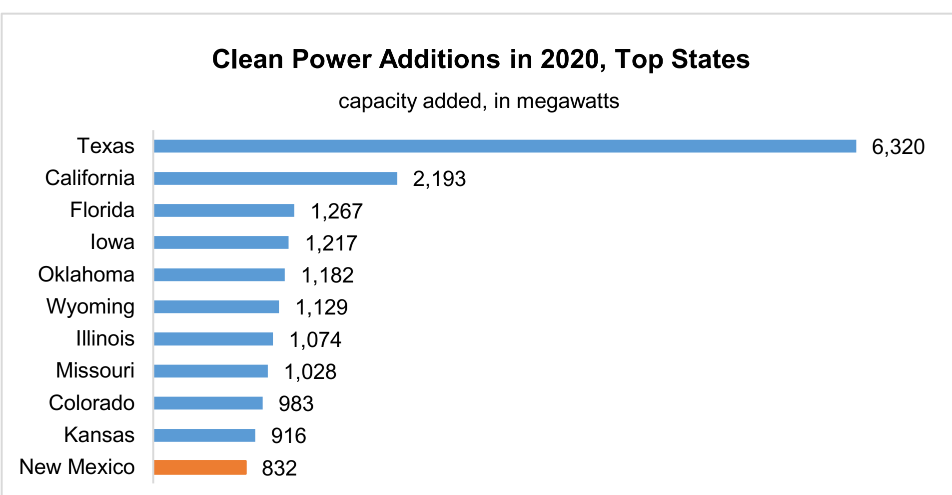
generation. The governor intends to make legislation establishing a legal and technical framework for hydrogen energy development a signature piece of her agenda in the upcoming legislative session. A plan to convert one of New Mexico's retired coal-fired power plants into a hydrogen production facility is already underway.

Wind and Solar Power

Data from the National Renewable Energy Laboratory (NREL) shows New Mexico is among the states with the best renewable energy potential due to its high solar irradiance and average wind speeds. A *Renewable Energy Transmission and Storage Study* released by the New Mexico Renewable Energy Transmission Authority (RETA) identified 20,500 square miles of available land for commercially viable wind development, of which 18,500 square miles are state trust and private lands with a total of 137 thousand megawatts (MW) of wind potential. The total developable solar land area is 68,000 square miles, with 49,000 square miles on state trust and private lands, for a potential 824 thousand MW available.

New Mexico had 3,582 MW of combined wind, solar, and energy storage capacity installed as of August 2021, making the state 13th in the nation for capacity of operational clean power. This amount is enough energy to power 1.4 million homes, roughly 460 thousand more housing units than New Mexico has. The state's current and potential future capacity make it well-suited to be a supplier of clean energy to other states, especially given the opportunities created by regional neighbors' renewable portfolio standards.

American Clean Power, a federation of renewable energy companies, reports clean energy projects are responsible for $26.6 million in annual lease payments to New Mexico's farmers, ranchers, and other private landowners. Also according to American Clean Power, New Mexico currently has a clean energy workforce of 3,600.



The State Land Office (SLO) currently has 16 active leases for wind energy projects on state trust land, seven more than this time last year, and another 12 wind lease applications in process. The active leases have a total capacity of 619 MW, while the applications would add 2,570 MW. SLO also has 11 active solar energy leases, providing 303 MW total capacity, and 35 applications in process for solar projects totaling 3,146 MW.

Transmission Needs. Additional renewable energy development in New Mexico is dependent on expanded transmission capacity, which can be fraught with concerns about disrupting wildlife habitat and rural landscapes. This is the case with the SunZia Southwest Transmission Project, a planned 520-mile transmission line between central New Mexico and Arizona that still needs state and federal approval to proceed. According to the RETA transmission and storage study, the state could increase its renewable capacity by 9,000 MW over the next 10 years by adding transmission infrastructure to support exports to other states. This includes 3,100 MW already being developed.

The study estimates the development, construction, and operation of new renewables and transmission infrastructure will support between 3,300 and 3,700 jobs per year during the construction phase through 2032. To support the infrastructure beyond construction, between 600 and 800 permanent jobs are expected. The identified opportunities could equate to a total investment of $11.2 billion in New Mexico through 2032, plus up to $190 million per year thereafter related to operations and maintenance.

Hydrogen Energy

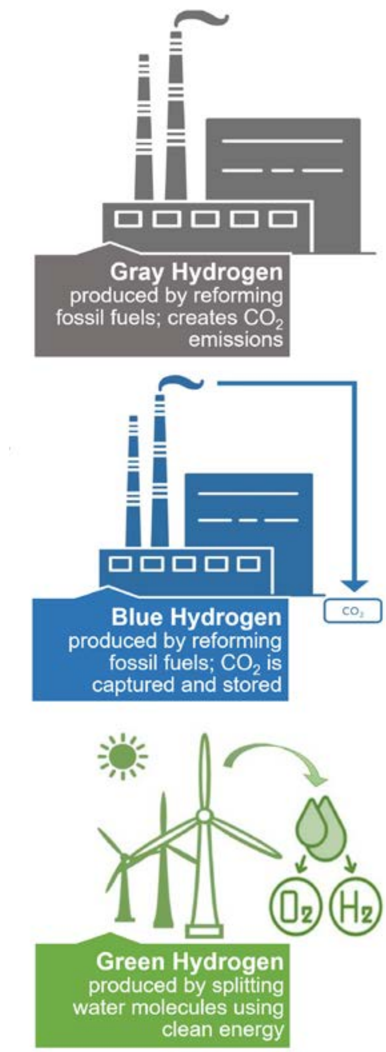
Hydrogen is a zero-carbon fuel that can store and deliver usable energy. It does not typically exist by itself in nature and, therefore, must be produced from compounds that contain it, such as coal or natural gas. Because its production often includes use of a fossil fuel, hydrogen is not always a clean energy source. Two methods of producing hydrogen do so without emitting greenhouse gases. In steam-methane reformation, high-temperature steam reacts with methane in the presence of a catalyst to produce hydrogen, carbon monoxide, and carbon dioxide; the carbon dioxide is then removed and sequestered so that it does not enter the atmosphere. This process produces what is known as “blue” hydrogen. Electrolysis uses renewable electricity to split water molecules into oxygen and hydrogen, producing “green” hydrogen.

The Infrastructure Investment and Jobs Act signed by the president authorizes and appropriates $8 billion for the development of four regional clean hydrogen hubs in different parts of the country that will demonstrate hydrogen production, processing, delivery, storage, and end use. The U.S. Department of Energy will take proposals for the regional hubs and select four to receive grants for their development. The governor announced a hydrogen energy initiative will be the administration’s top priority in the 2022 legislative session.

Clean Fuel Standards

A bill considered but not passed by the Legislature in 2021 (Senate Bill 11) proposed the creation of a clean fuel standard (CFS) for New Mexico, and the legislation is expected to return in some form during the 2022 legislative session. A CFS would use performance- and market-based incentives to reduce the carbon intensity of transportation fuels over a specified period of time. The proposed central mechanism for implementing a New Mexico CFS are “credits” individuals can earn by reducing eligible greenhouse gas emissions and may sell to fuel producers or importers who are in a “deficit,” or not meeting the CFS for the fuel they provide. A credit and a deficit would each be equal to one metric ton of carbon dioxide equivalent.

The proposed Hydrogen Hub Act would set statewide goals for clean hydrogen to encourage its production, use, and export. The administration hopes to spur capital investment in hydrogen infrastructure in New Mexico through economic incentives. It has not yet been announced whether the legislation would create a tax credit for this purpose or propose another fiscal tool. The bill is also expected to include funding for engineering studies on an industrial-level shift from using traditional fuel to clean hydrogen.



The legislation would attempt to create the conditions for a successful hydrogen economy by establishing legal and technical pathways for carbon sequestration and hydrogen storage and creating training programs at the high school and college level to build a clean hydrogen workforce.

Because transportation is the economic sector that generates the nation's largest proportion of greenhouse gas emissions, most states have adopted policies to target emissions reductions in the transportation sector, primarily focused on clean vehicle programs and incentives. Six states have alternative fuel standards, which require a certain percentage of gasoline or diesel sold in the state to be sourced from alternative fuels, such as ethanol and biodiesel. Two states have low carbon or clean fuel standards, similar to the one proposed by Senate Bill 11, which set reduction targets for the carbon intensity of fuels rather than prescribing the types of fuels to be sold.

Economic Impact to the State

Although the renewable energy economy is growing, it is not expected to fully offset significant, long-lasting declines in the oil and gas industry in New Mexico, even with more investment and maturity. According to the U.S. Bureau of Labor Statistics, the mining and logging industry, which includes oil and natural gas extraction, employed roughly 19.8 thousand people in New Mexico in 2020. As renewable energy projects are constructed, the state experiences large, but temporary, gains in employment. Including both current employment and estimated job creation from future development, renewable energy jobs in New Mexico could total more than 10 thousand. But less than half of those would be permanent, likely far fewer than the number of jobs that could be lost should the oil and gas industry face obsolescence in the energy market.

Furthermore, the renewable energy industry is unlikely to compensate for declining oil and gas revenues to state coffers. New Mexico's current gross receipts tax (GRT) structure is dependent on taxing goods and services of value. Unlike an extractive industry, which produces a commodity that has a market value (e.g., a barrel of oil) and is, therefore, taxable at the point of severance, renewable energy production does not draw on a raw resource that can be captured and assigned a market price. Hence, under current tax policy, the state has less opportunity to tax the renewable energy industry than the oil and gas industry. The majority of state revenue associated with renewable energy production comes from GRT related to the construction of wind and solar projects and property taxes on those structures. However, construction revenues are nonrecurring, and companies frequently take advantage of industrial revenue bonds (IRBs)–funding mechanisms that may provide exemptions or deductions from property taxes and GRT–to finance projects. The state adopted a measure in 2020 to make electric transmission facilities eligible for IRBs, reducing a potential option for taxing renewable energy activity through transmission line development.

Air Quality and Emissions Control

Environmental and Health Impacts of Emissions

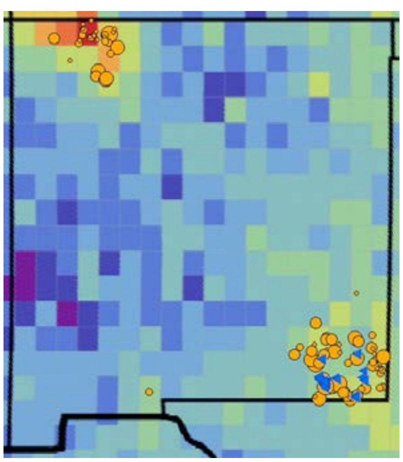
New Mexico is one of the top 10 states for greenhouse gas emissions per capita and per gross domestic product (GDP). According to the Center for Western Priorities, New Mexico's reported natural gas leaks totaled 1.7 billion cubic feet in 2020, a 109 percent increase over 2019 emissions. Methane is the primary component of natural gas, and natural gas and petroleum systems produce 62 percent of the state's methane emissions, compared with 28 percent nationally. According to the U.S. Energy Information Administration, venting and flaring of natural gas in New Mexico increased by more than 7,000 percent over the last decade.

Renewable Energy Taxation

To capture additional renewable energy tax revenues, the state could consider adopting production taxes similar to other states. Wyoming applies a $1 per MWh tax rate to wind energy production, which would generate about $8 million per year in New Mexico if implemented today. A comparable tax could be applied to solar energy production as well.

Alone, renewable energy production taxes would not generate nearly as much revenue as the oil and gas industry currently does. Excluding contributions to statewide permanent funds and bonding capacity and gross receipts tax on drilling and associated activity, the oil and gas industry contributed $1.3 billion to the general fund in direct production taxes and royalties in FY20. However, as the energy economy moves away from oil and gas, renewable energy production may at least provide policymakers with an opportunity to diversify the state's revenue sources.

Air Quality Violations and Emission Data



The map above shows methane hotspots, Environment Department Air Quality Bureau violations, and reported excess emissions. The yellow circles represent emissions in excess of permitted amounts and the blue triangles represent air quality violations.

Source: New Mexico Environment Department

According to the World Health Organization, methane is responsible for 230 thousand chronic respiratory disease deaths worldwide each year. Methane remains in the atmosphere for about 12 years, a relatively short lifetime, but it is highly efficient at trapping heat in the atmosphere. Methane's short lifetime in the atmosphere means targeting it for emissions reduction would have immediate benefits for the environment and human health.

Oxides of nitrogen (NOx) and volatile organic compounds (VOCs) are known as ozone precursors because chemical reactions between the two create ground-level ozone, an air pollutant harmful to human health and the environment. Nitrous oxide, one gas in the NOx family, stays in the atmosphere for 114 years on average and has nearly 300 times the impact carbon dioxide does on warming Earth's atmosphere. Even at relatively low levels, ozone in the air can cause the muscles in human airways to constrict, leading to wheezing and shortness of breath and a variety of related health problems. Ozone poses the greatest risk to children, older adults, people with asthma or other lung diseases, and people who work or are otherwise active outdoors. The health effects of these air pollutants are even more dangerous in a world with Covid-19, a respiratory illness likely to exacerbate underlying respiratory conditions. Covid-19 could compound the symptoms of individuals suffering from breathing problems due to ozone exposure.

LFC Online: Understanding Government Finances

Finance Facts: State Land Trust

Regulation of Methane and Ozone Precursors

In FY20, the Environment Department (NMED) and the Energy, Minerals and Natural Resources Department (EMNRD) worked jointly on an initiative to reduce methane emissions from the oil and gas industry, by far the state's largest source of methane emissions. Based on public input and the technical findings of an advisory panel of industry representatives and environmental experts, NMED and EMNRD drafted rules and submitted them to the Environmental Improvement Board and the Oil Conservation Commission, respectively, for consideration. The Oil Conservation Commission approved EMNRD's rule, which is focused on preventing waste of methane from oil and natural gas operations, and the first phase went into effect in May 2021. The Environmental Improvement Board concluded two weeks of hearings on NMED's proposed rule in October 2021 and is expected to make a decision in early 2022.

For more info:

Environment Department Performance Page 148

Both rules focus on incentivizing technological solutions to improve data collection, monitoring, and compliance. EMNRD's rule requires operators to capture 98 percent of their natural gas waste by the end of 2026, prohibits routine venting and flaring, and requires detailed reporting of natural gas loss. NMED's proposed rule addresses ozone precursors and sets a schedule for pneumatic controllers, a major source of methane and VOC emissions, to be replaced with zero-emission alternatives. The replacement timeline operators must follow is based on their historical percentage of nonemitting controllers, as determined by a formula defined in the rule.

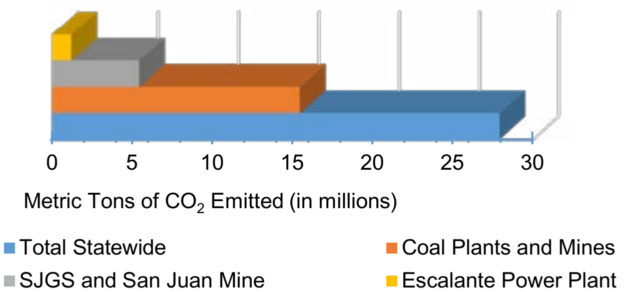
If approved by the Environmental Improvement Board, NMED's rule will regulate oil and natural gas equipment that emits NOx and VOCs (ozone precursors) by

- Requiring 80-90 percent of pneumatic controllers at well sites, tank batteries, and gathering and boosting stations to be nonemitting by 2030; and
- Requiring 98 percent of pneumatic controllers at transmission compressor stations and gas processing plants to be nonemitting by 2030.

Carbon Sequestration

Following a global trend away from coal a source of energy production, by 2020, it was announced that all three of New Mexico's coal-fired power plants (CFPPs) were scheduled for retirement in the near future. Potential new owners of two of those CFPPs–the San Juan Generating Station and the Escalante Power

NM Carbon Dioxide Emissions: Coal Breakout



Source: US Environmental Protection Agency (2020). Facility Level

Power plants account for three-quarters of New Mexico's total carbon dioxide (CO_2) emissions. Of the 21.2 million metric tons of CO_2 emitted by power plants in 2019, 73 percent came from CFPPs. Overall, coal plants and mines contribute more than half of the state's total CO_2 emissions. The chart above shows CO_2 emissions from the Escalante and San Juan plants relative to all coal plant/mine emissions, as well as to total CO_2 emissions statewide.

Plant–hope to retrofit the facilities with carbon capture technology to allow for continued electricity generation with a reduced environmental impact.

Carbon sequestration, also called carbon capture or carbon capture, utilization, and storage (CCUS), is the process of capturing and reusing or storing carbon dioxide to prevent its release into the atmosphere. Carbon dioxide may be captured from industrial and energy-related sources, such as steel production and electricity generation, before escaping the facilities and can either be used for commercial purposes or stored. The two main types of sequestration are geologic and biologic; proposals to implement CCUS in New Mexico would use geologic sequestration–the injection of carbon dioxide into deep subsurface rock formations for long-term storage.

Carbon capture systems also fall into one of two technology areas: post-combustion or pre-combustion. In a post-combustion capture system, carbon dioxide is captured from a flue (combustion exhaust) gas generated by burning a carbon-based fuel, such as coal or natural gas. Post-combustion carbon capture is a method of reducing the carbon dioxide emissions of conventional fossil fuel power plants, the source of more than 60 percent of the electricity generated in the United States today. This method of carbon capture is being proposed by prospective buyers of the San Juan Generating Station who hope to continue operating it as a CFPP.

Innovation in Water Resource Management

The Legislature appropriated $7 million to OSE/ISC to develop and implement a water conservation and management pilot project for the Lower Rio Grande basin in fiscal years 2020 through 2023. The aim of the project is to reduce water consumption in the Lower Rio Grande, promote aquifer health, and improve surface water deliveries by implementing water management strategies tailored for an era of extended drought and interstate conflict. OSE is tasked with evaluating and testing such strategies, which will include rotational, voluntary fallowing; aquifer recharge; infrastructure improvement; and supply augmentation.

Pre-combustion carbon capture removes carbon dioxide from fossil fuels to create "syngas" that can be converted into a clean energy source. Rather than burning fossil fuels and attempting to separate carbon dioxide from the resulting flue gas, a carbon-based fuel is reacted with steam and oxygen to form syngas, which undergoes a subsequent reaction to produce hydrogen and carbon dioxide. The carbon dioxide is sequestered and the hydrogen can be used as fuel for energy production that produces no greenhouse gas emissions. This is the technology being pursued by intended buyers of the Escalante Power Plant. The San Juan Generating Station and Escalante Power Plant proposals both rely on geologic carbon sequestration, which has not been attempted on a large scale and poses its own public health and environmental questions.

Managing and Protecting Limited Water Resources

Long-Term Drought

Despite an increase in precipitation during summer 2021 that brought much-needed relief to regions experiencing extreme drought, rising temperatures prevent a wet summer from having a significant, long-term impact. The state climatologist says the effects of climate change and a semi-permanent high-pressure system over the West can be seen in New Mexico's intensifying long-term drought and rising temperatures. The system keeps weather patterns from bringing more moisture to the region, a large-scale shift more than a decade in the making.

Climate change in the southwest equates to more frequent and intense drought, according to climate scientists. Statewide weather data and research from the University of New Mexico show temperatures in the state have risen rapidly over the past 50 years, and while precipitation varies, snowpack levels are declining. With higher temperatures resulting in precipitation coming as rain more frequently than snow, not only is snowpack lower, but the predictions state water managers make about runoff from that snowpack are also less accurate.

For more info:
Office of the State Engineer Performance
Page 154

These conditions have a detrimental impact on the state's farmers, many of whom are now grappling with truncated irrigation seasons, and ranchers, who face insufficient forage, spikes in the price of feed, and subsequent drops in the price of cattle during drought as ranchers flood the market as they reduce their herds. Consequences of severe drought also include increased risk of wildfire and fewer options for outdoor recreation. The state loses revenue and opportunities to promote itself as a haven for outdoor enthusiasts when trails, camping spots, and lakes must close due to dry conditions.

Water Management and Planning

Experts largely agree that a long-term approach is necessary if New Mexico is to adapt to emerging water challenges, such as those brought on by climate change. The Office of the State Engineer (OSE) and Interstate Stream Commission (ISC) have begun work, including stakeholder webinars and discussions, to develop a 50-year water plan. The focus of this effort is to determine and improve the climate resilience of communities in New Mexico that would be most affected by extreme weather patterns and a permanent reduction in water supply.

State Employment and Compensation

For more info:

State Personnel Office Performance Page 161

LFC Online: Understanding Government Finances

Finance Facts: State Employee Compensation

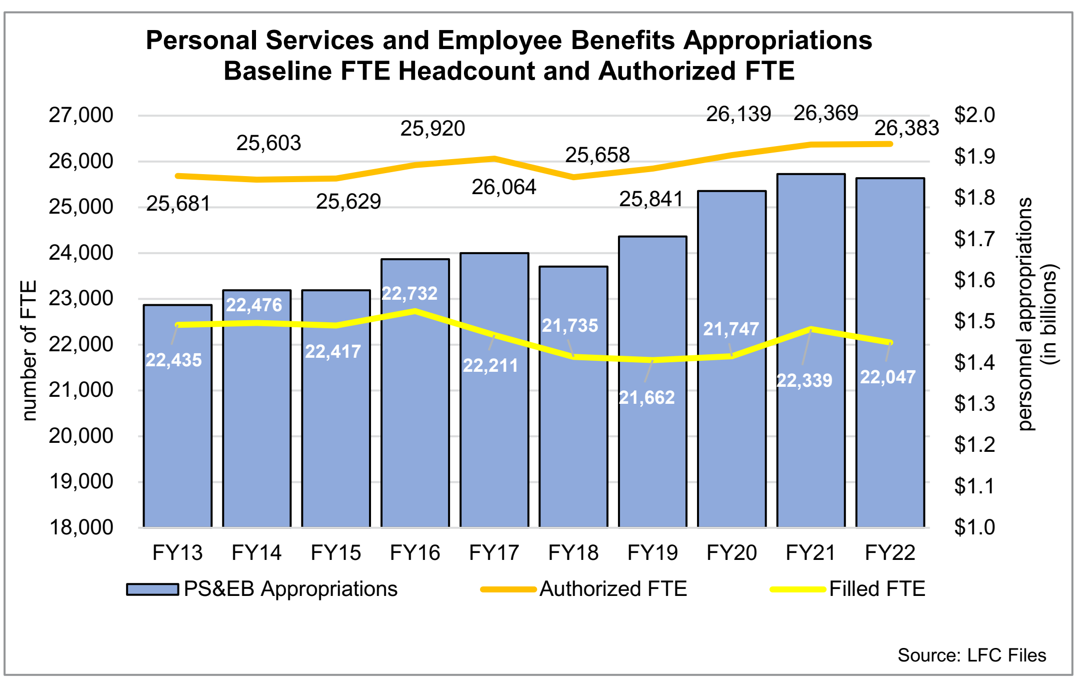
As the economy heals from the effects of the Covid-19 pandemic, employers find themselves in the unexpected position of dealing with a nationwide labor shortage. Job openings outnumber the potential available workers and wages are increasing at their fastest pace in years. While state employment remained stable during the pandemic-related lockdowns, the state workforce once again appears to be shrinking in FY22. Expectations for inflation remain elevated and competition for skilled workers will likely have the effect of increasing wages in the coming year.

State Workforce

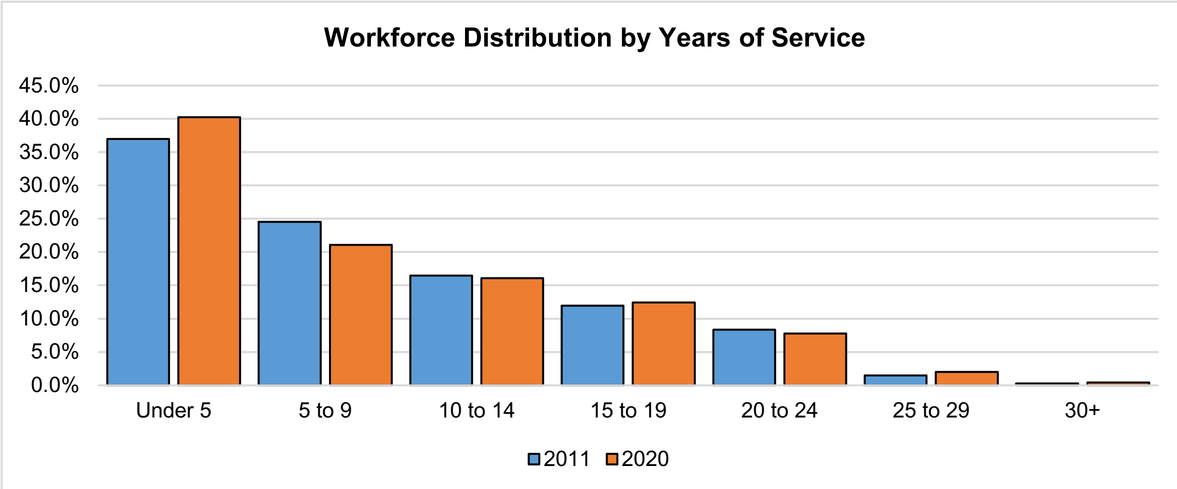
Since FY13, state funding for personnel increased as state finances began recovering from the Great Recession of 2008. Despite the increases in funding, the number of filled full-time-equivalent (FTE) positions remains well below the highs experienced in FY09, when state government employed over 25 thousand people. From FY13 to FY22, government personnel appropriations grew by 20 percent while employment fell by 3.5 percent. As of July 2021, there were over 4,300 more authorized positions than filled positions.

Employee Retention

Over the past 10 years, the state's workforce has gotten younger and less experienced on average. According to data from the Public Employees Retirement Association (PERA), 37 percent of the state workforce had less than five years'

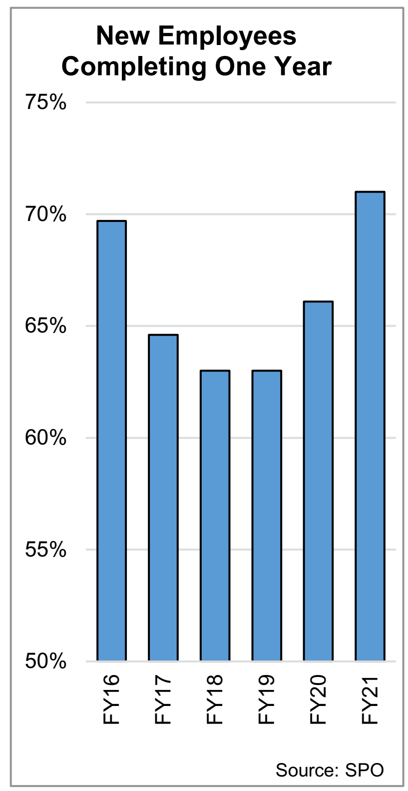


Source: LFC Files



service credit in 2011, while 25 percent had been in the system between five and nine years. In 2020, the proportion with fewer than five years increased to 40 percent, but 21 percent had five to nine years. This trend illustrates the difficulty in retaining public employees in New Mexico; current state and government workers appear less likely to view state employment as a long-term career than in the past.

The number of newly hired state employees completing their first year of service increased to 71 percent in FY21, an improvement from the 66 percent reported in FY20 and the 63 percent reported in FY19. However, the loss of 29 percent of new hires contributes to the state's high turnover rate.



Approximately 34.2 percent of state employees left their jobs in FY21 including 19.6 percent of employees who left state government employment, and 14.6 percent who left their positions due to promotion or transfer to another job within the state system. While turnover due to promotion is often positive because it indicates a career pathway, high turnover may also indicate individuals are not finding opportunities for career advancement at their agencies.

Turnover in state government is significant, but no data on reason for separation are available. This makes it difficult to determine if the highest rates of turnover are associated with specific agencies or occupations, and, more importantly, what the state could do to retain employees.

Impact of Covid-19

The Covid-19 pandemic changed the way government functions, from where employees work to how they interact with colleagues and the public. Since the issuance of a public health order in March 2020, state government has functioned largely remotely. Though agencies report employees are generally satisfied and productivity has not suffered, data supporting this are scarce. Anecdotal evidence suggests the public has difficulties accessing a number of state services.

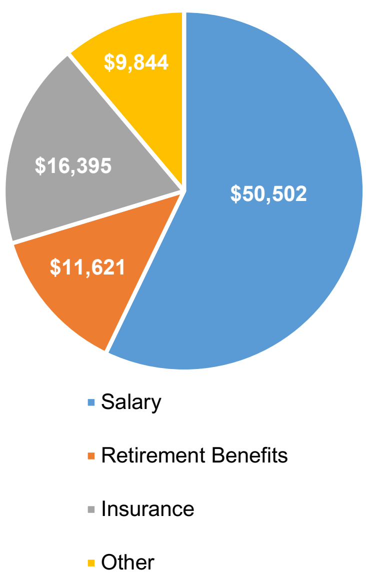
The State Personnel Office issued a telework policy that gives agencies broad latitude to allow employees to work remotely. Telework has created new challenges in tracking performance to make sure service delivery is not adversely impacted and that workers receive proper supervision, training, and support.

Increasing the state's reliance on technology to facilitate remote work may create additional opportunities to consolidate and automate services to improve efficiency and lower costs. However, increasing the technical ability of workers will likely result in the state needing to pursue better educated, better trained workers.

Salary Adequacy

Salary adequacy is determined by comparing the salary paid by the state of New Mexico by job type with the salaries paid by other employers in the state, region, and nation. The State Personnel Office (SPO) is charged with conducting this analysis and making recommendations for matching salaries to the market. However, performance data indicate salaries offered by the state of New Mexico are falling behind the broader labor market. The state tracks salary using compa-ratios, which divide the salary an employee receives by the midpoint of the salary range. Ideally, a new employee would begin at a lower salary level, e.g. 90 percent of the midpoint, and progress through the range with regular raises reflecting the increased experience of the employee. However, as SPO notes, "Employees in the general salary schedule have an average compa-ratio far above midpoint. This is a strong indicator that the general salary schedule is behind market."

Total Compensation by Component



Soruce: LFC Files

High vacancy rates and agencies' use of ad hoc salary increases to remain competitive are further evidence that state salaries are insufficient to recruit or retain employees.

Personnel Surplus and Ad Hoc Raises. State agencies have historically maintained surplus funding in the personnel budget category. This funding is either transferred to another budget category through a budget adjustment request or reverted to the originating fund at the close of the fiscal year. In FY20 and FY21, agencies transferred $24.3 million and $27.4 million respectively from personnel to other categories.

Agencies used some surplus funding to increase pay outside of a regular salary increase schedule and in addition to increases funded by the Legislature. In FY19, SPO reported 2,854 employees, 17 percent of the classified workforce, received permanent raises and an additional 735 received temporary increases. In FY20, 812 employees received permanent raises and 776 received temporary increases. In FY21, despite the budget reductions in response to uncertainty around coronavirus, 442 employees were given permanent raises and 515 were provided temporary increases. These raises are provided at the discretion of the agency on an ad hoc basis.

Pay Plan Adjustment. To prevent the ad hoc salary increases from creating disparities in which employees are paid differently for similar work, SPO should develop statewide priorities for targeted salary increases. Targeted increases may be directed to certain occupations, such as social workers or healthcare support positions, or to employees by income group, such as raising the minimum wage for the lowest paid employees. Moving forward, SPO will need to work closely with both the Legislature and the Department of Finance and Administration to determine which occupations are in need of salary adjustments.

Determining compensation adequacy requires looking at the value of the total compensation package—the mix of salary and benefits received by state employees—to see how it compares with the labor market.

Components of Total Compensation. Analysis of total compensation in New Mexico shows the state provides a large share of its compensation through benefits. In its 2018 compensation report, SPO states: "When compared to both public and private sectors, the state contributes significantly more to employees in both medical and retirement benefits."

LFC Online: Understanding Government Finances

Finance Facts: Public Employee Pensions

Employer costs of employee compensation include salary, retirement benefits, insurance, Medicare, workers' compensation, and retiree healthcare. In the 2020 compensation report, the State Personnel Office noted salary accounted for 57.2 percent of the total compensation received by state workers. The U.S. Department of Labor reports that salary accounts for 71 percent of total compensation in private industry and 62 percent among other state and local government employers.

Total Compensation by Item

	Civilian Workers	Private Industry	State and Local Government	State of New Mexico
Wages and salaries	69.0%	71%	62%	57.2%
Total benefits	31.0%	29%	38%	42.8%
Paid leave	7.4%	7%	8%	6.7%
Health Insurance	8.0%	7%	11%	18.6%
Retirement and savings	5.1%	3%	13%	9.9%
Legally Required benefits	7.2%	8%	6%	4.4%
Other	3.3%	3.8%	1.3%	3.2%
Total	100.0%	100.0%	100.0%	100.0%

Source: LFC Files

APS Health Insurance Contributions

Salary	Employee (EE)	Employer (ER)
< $39.5K	20%	80%
<$45K	30%	70%
$45K+	40%	60%

The benefits package provided by the state of New Mexico is expensive, and might not be valued by employees. For example, the pension offered through the Public Employees Retirement Association is among the most generous in the nation, but an employee must remain in state service for a number of years to receive a benefit. Similarly, the health insurance benefit is most attractive to older employees and those with families, and might not be a strong recruitment incentive for younger workers. No study has been conducted on employee preferences for salary versus benefits and the state may be paying for benefits at the expense of salary increases that may be preferred by state employees.

GSD Health Insurance Contributions

Salary	EE	ER
< $50K	20%	80%
< $60K	30%	70%
$60K +	40%	60%

NMPSIA Health Insurance Contributions

Salary	EE	ER
< $15K	25%	75%
< $20K	30%	70%
< $25K	35%	65%
$25K +	40%	60%

Benefits

Nationally, rising benefit costs mean wages are accounting for a smaller share of compensation. The Kaiser Family Foundation reports between 2015 and 2020, health insurance premiums increased by 22 percent while wages increased 15 percent. The rapid growth in health insurance costs forces employers to pay for benefits at the expense of salary increases.

Health Insurance

The General Services Department (GSD), Public School Insurance Authority (NMPSIA), and Albuquerque Public Schools (APS) all purchase health insurance for state and educational employees. The trifurcated system of providing health benefits has led to different plan designs, costs, and employer and employee contribution rates. For example, an employee making $41 thousand, a starting teacher's salary, pays more than twice as much for insurance through NMPSIA as a state employee with the same income through GSD.

FY22 Comparison of Annual Health Insurance Premium Costs
Based on Single Coverage and income of $41 thousand

	NMPSIA-High Option	GSD-Blue Cross PPO	APS- BCBS Preferred
Deductible	$ 750	$ 500	$ 1,000
Max Out of Pocket	$ 3,750	$ 4,000	$ 5,000
State Cost	$ 6,348	$ 5,984	$ 4,570
Member Cost	$ 4,223	$ 1,500	$ 1,958
Total Premium	**$ 10,571**	**$ 7,484**	**$ 6,528**

Source: LFC Files

GSD Premium Increases and Medical Trend

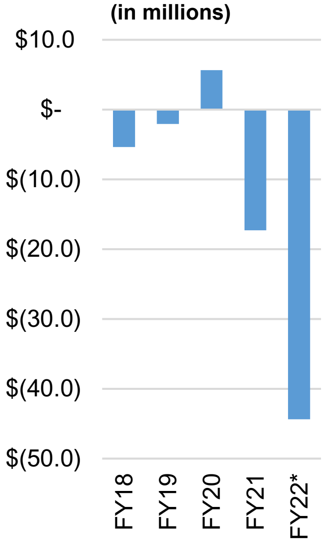
Year	Premium	Trend
FY11	0%	3.5%
FY12	0%	5.0%
FY13	0%	3.5%
FY14	15%	3.5%
FY15	10%	5.0%
FY16	1%	6.0%
FY17	1%	4.5%
FY18	4%	4.5%
FY19	5%	5.0%
FY20	0%	5.0%
FY21	0%	5.5%
FY22	0%	5.0%
FY23	0%	5.0%

Source: GSD

The disparity in employer and employee contribution rates is largely due to statutory requirements and agency policy. Statute mandates higher employee cost-sharing rates for NMPSIA than for GSD and is silent on rates for APS employees. Additionally, the NMPSIA and APS boards have made the decision to consistently increase rates to pay program costs and build a reserve, while GSD rate increases have not kept pace with healthcare cost increases.

Of the three plans, GSD is the only one facing a deficit. Program revenue raised through premiums has not kept pace with medical cost increases and the program has been in a deficit since 2018. The Legislature provided supplemental and special appropriations totaling $17.6 million in the General Appropriation Acts of 2020 and 2021. Despite the shortfalls, the executive did not increase premiums in FY21, FY22, or FY23. The program ended FY21 with a deficit of $17.3 million and is expected to end FY22 with a deficit of over $40 million.

GSD Health Benefits Fund
(in millions)



*Projected assuming no rate increase or COVID reimbursement from federal funds

Source: GSD

Without additional premium revenues, the program will be forced to either seek additional funding from the state or reduce benefits. Increased deductibles and copays, and other benefit reductions, will disproportionately affect members with higher healthcare utilization, such as individuals with chronic conditions, older individuals, and those facing high-cost events, such as child birth.

Because approximately one-third of the GSD health benefits program is composed of local government employees, the state is effectively subsidizing health coverage for nonstate employees. Based on the proportion of nonstate employees in the GSD program, approximately $5.7 million of the anticipated $17.3 million FY21 shortfall is attributable to local governments. Additionally, inadequate rates result in the general fund subsidizing benefits for state employees in non-general fund agencies, such as the Department of Transportation.

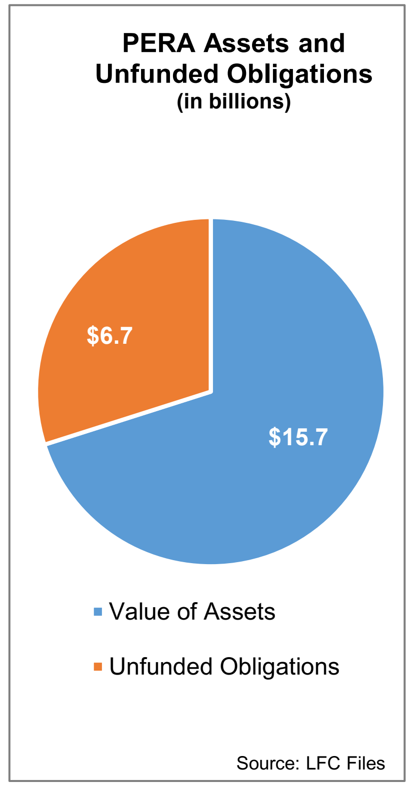
To avoid benefit reductions and ensure program participants cover their costs, the Legislature should consider increasing funding for a health insurance premium increase in FY23.

Controlling Costs. The trifurcated health insurance purchasing system also leads to smaller pools and may reduce the power of individual insurance purchasing entities to bargain for lower prices with providers. However, there has been no study on the impacts of pool size on price of care. Similarly, insurance purchasing entities maintain their own data warehouses and may have opportunities to use this spending data to negotiate for lower prices for services though bundled payments or other mechanisms. The insurance purchasing agencies should consider working with a single healthcare consultant to examine options for reducing costs.

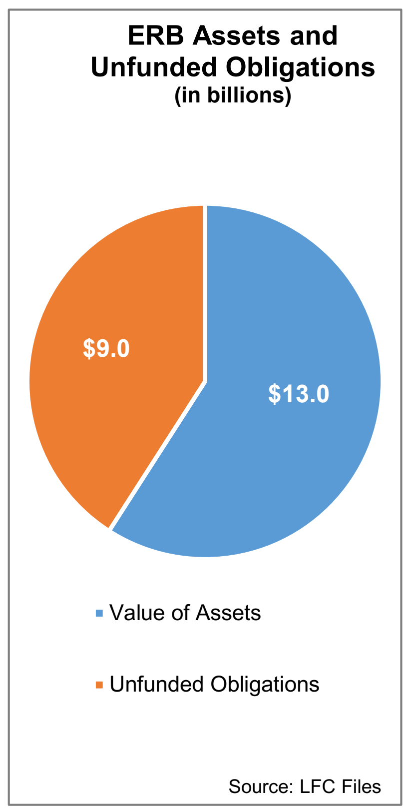
Pensions

For the past several years, the Legislature has worked to improve pension funding and sustainability. Legislation to reduce benefits and increase contributions was enacted and direct transfers to the funds were made. Despite these efforts, the state's pension funds continue to remain on precarious financial footing.

Education Retirement Board. Laws 2021, Chapter 44, (Senate Bill 42) increased employer contributions to the education retirement board by 1 percent in both FY22 and FY23, for a total increase of 2 percent. The bill originally included a 4 percent increase to match ERB employer contribution rates to the rates paid by PERA employers. However, the amount was reduced to 2 percent during the session. ERB estimated enactment of a 4 percent increase to the plan would lead to the pension attaining full funding in 42 years. The Legislature should consider increasing employer contributions to ERB by an additional 1 percent to achieve full funding in the next 50 years.



Public Employees Retirement Association. Laws 2020, Chapter 11 (Senate Bill 72) both contained costs by reducing cost-of-living-adjustment payments as well as increasing employee and employer contributions to the fund. PERA anticipated the changes would keep the pension fund sustainable for the foreseeable future. However, the sustainability of pension funds is a product of both benefits paid out, contributions paid in, and investment earnings made on trust fund dollars. PERA's investment returns have consistently ranked in the bottom quartile of large government investment funds. PERA staff noted investment performance is often a reflection of investment policy as set by the PERA board, which has functioned poorly for several years. The board has failed to select a new chairperson for the past year and was unable to reach consensus on an executive director for over seven months which led to other prolonged vacancies in critical positions including chief investment officer and general counsel. In light of this dysfunction, the Legislature should consider legislation to reform the PERA board.



Retiree Health Care

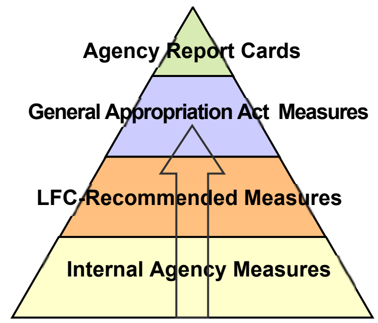
The Retiree Health Care Authority (RHCA) provides subsidized access to health insurance products for retired civil servants and their spouses. RHCA receives revenue from contributions made by active employees and their employers, from premiums paid by program participants, and from a distribution from the tax administration suspense fund. The distribution is set by statute and increases 12 percent per year, roughly doubling the distribution amount every six years. For FY23, the distribution will increase to $41.3 million. Monies distributed to RHCA from the tax administration suspense fund would otherwise go to the general fund for appropriation by the Legislature. At the end of FY21, the RHCA trust fund balance was $1 billion, compared with $190 million a decade ago. However, on an actuarial basis, funding is only sufficient to cover about 16.5 percent of the estimated $4.2 billion in current and future healthcare liabilities. The program is projected to maintain a positive fund balance through 2052.

RHCA provides the largest subsidies for workers not yet eligible for Medicare. This benefit provides an incentive for workers to leave state service early because they will receive a more generous subsidy than they will under the Medicare program. Additionally, the current minimum retirement age of 55 does little to curtail use of the pre-Medicare subsidy. Further reduction of the pre-Medicare subsidy or increasing the minimum retirement age would reduce program costs.

Performance

The Accountability in Government Act (AGA) traded budget flexibility for information about how state agencies economically, efficiently, and effectively carry out their responsibilities and provide services. Prior to the AGA, agency appropriations were tightly controlled by the Legislature, with attention paid to individual budget line items and incremental spending on salaries, office supplies, travel, etc. After the AGA, the focus switched to results and quarterly agency performance reporting (inputs, outputs, outcomes, etc.). In the last two fiscal years, LFC has adopted innovative approaches in addition to its report cards to better use performance information in its budget and oversight hearings.

Performance Measure Hierarchy



Report Cards

LFC's quarterly agency report cards add emphasis and clarity to the reporting process and help focus budget discussions on evidence-based initiatives and programming. Performance criteria and elements of good performance measures are reviewed on the following pages. Generally, green ratings indicate agencies are meeting performance targets; red ratings indicate a problem in the agency's performance or lack of reporting. Yellow ratings highlight a narrowly missed target or issues with performance validity.

New LegisSTAT Process for Data-Informed Oversight

After years of working with the Department of Finance and Administration (DFA) to hone and improve AGA measures, LFC is now transitioning to more intentional use of AGA performance reporting to guide oversight and budget hearings with state agencies. During the 2021 interim, the committee began using a new LegisSTAT process modeled off the successful StateSTAT management process in Maryland. LegisSTAT provides a structure for the committee to use AGA performance reporting to better understand why certain outcome trends are occurring and to determine agency strategies for addressing any negative trends. In this way, discussion of existing or future agency interventions, and the funding they rely on, is directly linked back to its ability to influence outcomes.

Key features of the LegisSTAT process:

1. ***A focus on a core set of performance metrics***
2. ***Regular performance discussions with agency leadership***
3. ***A follow-up on action items from the last meeting, and review results for improvement.***

Evidence-Based Program Inventories

In 2019, the Legislature passed the Evidence and Research-Based Funding Requests Act, adding to the AGA by requiring certain agencies to collect and report on the different programs being implemented by the agency and to what degree those programs are backed by evidence. The act also provides a consistent definition of evidence-based, research-based, and promising programs. The information required by the act provides legislative and executive staff a better understanding of what programs New Mexico is funding and to what degree those programs have evidence behind them. DFA and LFC work together to determine which agency divisions complete program inventories as part of the budget process. For the FY23 budget process, the Probation and Parole and Inmate Management and Control divisions of the Corrections Department, the Children, Youth, and Families Department's Behavioral Health Division, the Human Services Department's Behavioral Health Services Division, and three Public Education Department initiatives (nutrition and wellness, career technical education, and science, technology, engineering, art and math, or STEAM) submitted program inventories for use during the budget process.

LFC Online: Understanding Government Finances

Finance Facts: Accountability in Government Act

Performance Report Card Criteria

Process • Data is reliable. • Data collection method is transparent. • Measure gauges the core function of the program or relates to significant budget expenditures. • Performance measure is tied to agency strategic and mission objectives. • Performance measure is an indicator of progress in meeting annual performance target, if applicable. **Progress** • Agency met, or is on track to meet, annual target. • Action plan is in place to improve performance. **Management** • Agency management staff use performance data for internal evaluations.	**Process** • Data is questionable. • Data collection method is unclear. • Measure does not gauge the core function of the program or does not relate to significant budget expenditures. • Performance measure is not closely tied to strategic and mission objectives. • Performance measure is a questionable indicator of progress in meeting annual performance target, if applicable. **Progress** • Agency is behind target or is behind in meeting annual target. • A clear and achievable action plan is in place to reach goal. **Management** • Agency management staff does not use performance data for internal evaluations.	**Process** • Data is unreliable. • Data collection method is not provided. • Measure does not gauge the core function of the program or does not relate to significant budget expenditures. • Performance measure is not related to strategic and mission objectives. • Performance measure is a poor indicator of progress in meeting annual performance target, if applicable. • Agency failed to report on performance measure and data should be available. **Progress** • Agency failed, or is likely to fail, to meet annual target. • No action plan is in place for improvement. **Management** • Agency management staff does not use performance data for internal evaluations.

Performance Measure Guidelines

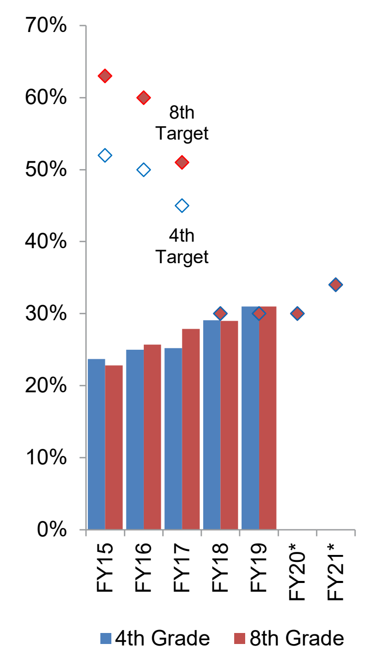
Elements of Good Performance Measures	Agency Quarterly Reports	Elements of Key Agency Reports	Elements of LFC Performance Report Card
Ideal performance measures should be • ***Useful:*** Provide valuable and meaningful information to the agency and policymakers • ***Results-Oriented:*** Focus on outcomes • ***Clear:*** Communicate in a plain and simple manner to all stakeholders (employees, policymakers, and the general public) • ***Responsive:*** Reflect changes in performance levels • ***Valid:*** Capture the intended data and information • ***Reliable:*** Provide reasonably accurate and consistent information over time • ***Economical:*** Collect and maintain data in a cost-effective manner • ***Accessible:*** Provide regular results information to all stakeholders • ***Comparable:*** Allow direct comparison of performance at different points in time • ***Benchmarked:*** Use best practice standards • ***Relevant:*** Assess the core function of the program or significant budget expenditures	Each quarterly report should include the following standard items • Agency mission statement • Summary of key strategic plan initiatives • Program description, purpose and budget by source of funds • How the program links to key agency initiatives, objectives, and key performance measures • Action plan describing responsibilities and associated due dates	Key Measure reporting should include • Key performance measure statement • Data source to measure key measure results • Four years of historical data (if available) • Current quarter data (both qualitative and quantitative) • Graphic display of data as appropriate • Explanation for measures 10 percent or more below target • Proposed corrective action plan for performance failing to meet target • Action plan status • Corrective action plan for action plan items not completed	Each quarterly report card should include the following standard items • Key events or activities that affected the agency in the previous quarter • Status of key agency initiatives • National benchmarks for key measures, when possible • Explanation for any area(s) of underperformance • Agency action plans to improve results Analyst may include • Measures or data reported by another reputable entity when agency data is inadequate

Public Education

ACTION PLAN

Submitted by agency?	No
Timeline assigned by agency?	No
Responsibility assigned?	No

Reading Proficiency



*Not reported. Testing waived in FY20.

Source: PED

Testing Changes

Prior to FY15, New Mexico used the state-developed Standards Based Assessment (SBA) for testing, which was subsequently replaced with the PARCC test. In FY19, the state used a transition test to begin moving away from PARCC. Starting in FY21, the state will use the New Mexico Measures of Student Success and Achievement (MSSA) test, developed by Cognia, and the SAT, the third testing change in seven years.

To ensure accurate comparisons of academic performance over time, New Mexico should consider maintaining the same assessment over a longer period.

For a second year in a row, New Mexico did not report annual data on statewide student academic achievement due to the Covid-19 pandemic. This two-year hiatus on student academic achievement will hamper the state's ability to demonstrate progress on addressing court findings from the *Martinez-Yazzie* education sufficiency case, which argued dismal test scores, substantial achievement gaps, and poor graduation and college remediation rates were indicators of an inadequate education system, particularly for at-risk students. Additionally, the change in state assessments will create new challenges in measuring the long-term effects of state investments and school closures on student learning.

Given the monumental influx of state and federal revenue following a year of hybrid in-person and remote learning, New Mexico has a rare opportunity to not only catch students up but also foundationally change how schools operate and educate students. However, to make investments that will improve student achievement, the state needs measures of student performance that are timely and mechanisms to hold schools accountable. Without these accountability measures, the state has little assurance additional funding will help students recover equitably from the learning interruptions caused by the pandemic.

Although currently still in development, the Public Education Department (PED) is creating a strategic plan to address *Martinez-Yazzie* findings and a 90-day plan to improve educational outcomes statewide. To ensure student learning goals are achieved, PED's plan should include consistent monitoring and reporting on student outcomes, specific targets for performance levels, timelines to achieve outcomes, and responsibilities of schools and PED when targets are not met.

Student Achievement

Slow Academic Gains. In FY20, PED requested a federal waiver to forgo standardized testing completely, and in FY21, the department requested a waiver for standardized test participation. The U.S. Department of Education approved both waivers. Following FY21 approval, PED made New Mexico state assessments optional in 2021 but required end-of-year testing to be in person. Schools allowed families to opt into testing; however, preliminary data suggests only 10 percent of eligible students participated in FY21 tests. As a result, FY21 math, reading, and science proficiency rates did not accurately represent statewide performance, and PED did not report on these statewide academic measures for FY20 and FY21.

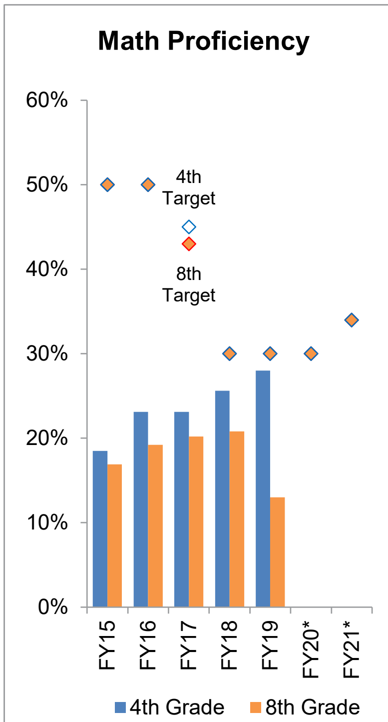
LFC's 2020 evaluation on the impact of school closures found students were likely to lose three months to a year of learning during the pandemic, with greater losses expected for younger and at-risk student populations. Recent national assessment data from the Northwest Evaluation Association (NWEA), which includes New Mexico students, suggests student achievement suffered during the pandemic. Students showed year-over-year gains that were 3 to 6 percentage points lower than expected in reading and 8 to 12 percentage points lower in math compared with growth typical before the pandemic. Although achievement gains were lower for all student groups, growth was notably lower for Native American, Black, Hispanic, low-income, and elementary students.

Public School Support

Budget: $3,170,640.0 **FTE:** N/A

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Fourth grade reading proficiency	30%	Not reported	34%	Not reported	R
Fourth grade math proficiency	27%	Not reported	34%	Not reported	R
Eighth grade reading proficiency	31%	Not reported	34%	Not reported	R
Eighth grade math proficiency	20%	Not reported	34%	Not reported	R
Four-year high school graduation	74.9%	76.9%	75%	N/A	G
Chronic absenteeism	18%	16%	<10%	29%	R
Spending on at-risk services	New	New	N/A*	Not reported	R
Classroom spending in large districts	Not reported	Not reported	75%	Not reported	R
Program Rating	Y	R			R

*Measure is classified as explanatory and does not have a target.



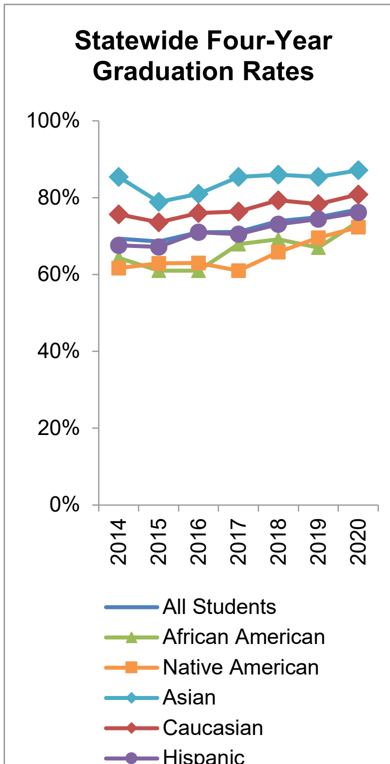
*Not reported. Testing waived in FY20.
Source: PED

Increase in Graduation Rates. The state's overall four-year high school graduation rate improved for the class of 2020, rising to 76.9 percent statewide over the prior year. Although New Mexico still lagged behind the 2019 national graduation rate (86 percent), the latest 2 percentage point increase outpaced growth in the 2019 national rate.

Growth in the four-year graduation rate was driven primarily by Hispanic students (1.7 percentage point increase), which represent the largest student subgroup. African American students saw the greatest improvement in graduation rates from the prior year (6.8 percentage point increase), followed by Native American students (2.7 percentage points) and Caucasian students (2.6 percentage points).

Due to pandemic-related interruptions, PED allowed high school graduates for the class of 2021 to demonstrate competency for graduation by passing required high school coursework. PED recently announced this graduation allowance would be the same for the classes of 2022 and 2023. While this change may have boosted graduation rates, without complementary college and career readiness measures, the state cannot determine whether local coursework prepared high school graduates for postsecondary pathways.

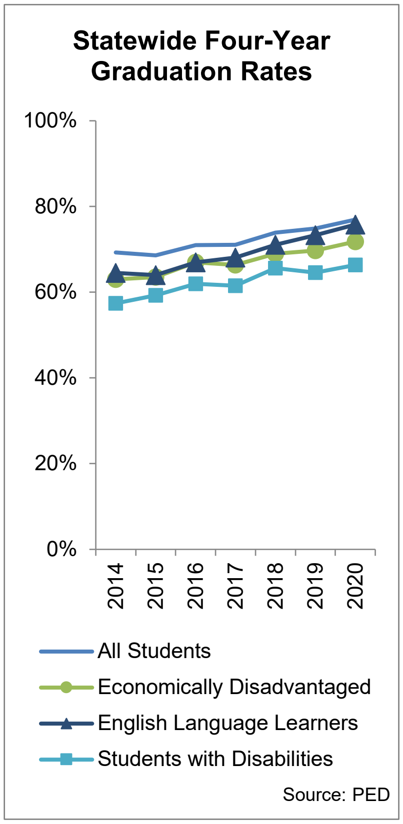
For FY23, PED is requesting a new performance metric to measure the percent of high school graduates earning a workforce certification or industry-recognized credential. Although this addition may provide valuable insights on workforce trends and program access across the state, PED or the Department of Workforce Solutions should consider using other indicators like employer satisfaction surveys or employee retention rates to more directly measure career readiness statewide.

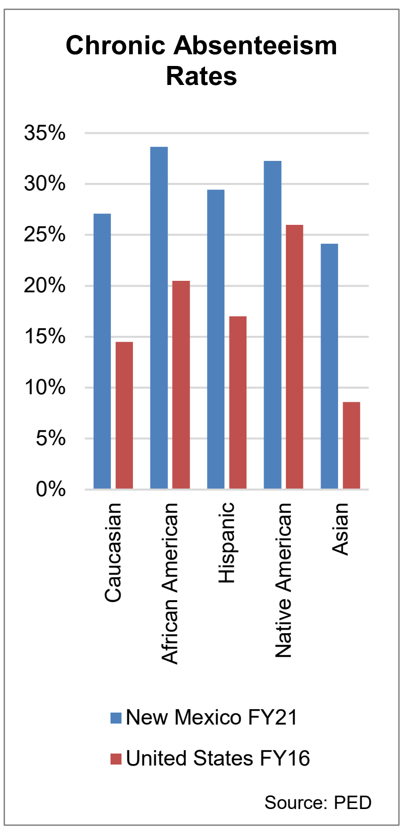


Source: PED

Student Engagement

Fall in Student Enrollment. Student enrollment continues to fall. Preliminary FY22 membership counts totaled 308 thousand students, a decrease of 13.4 thousand students, or 4 percent, from the prior year. Since FY16, membership has declined by about 0.5 percent each year, indicating the pandemic played a major role in recent enrollment drops. In February 2021, PED found about 43 percent





of students missing from enrollment rosters had moved out of the state, followed by 17 percent of students dropping out and 14 percent enrolling in homeschool.

The department also reported on chronic absenteeism rates in its federal plan for elementary and secondary school emergency relief (ESSER) funds, noting higher chronic absence rates for low-income, Black, Native American, English learner, and special education students. Students who are chronically absent, those who miss at least 15 days of school in a year, are at serious risk of falling behind. Overall, New Mexico's estimated FY21 chronic absenteeism rate of 28 percent was notably higher than the last reported FY16 national average of 16 percent, likely driven by school closures during the pandemic.

In August 2021, PED changed course, emphasizing the need to keep school open safely. Formerly, the department required schools to close after reporting four or more rapid responses, or Covid-19 cases, within a 14-day period. PED is now working with schools individually to enhance safety and health practices rather than forced closures. Providing in-person instruction can improve each school's ability to improve student engagement and reduce absenteeism.

Lost Extra Instructional Time Opportunities. In the *Martinez-Yazzie* case, the court noted the state's K-3 Plus extended school year program, which adds 25 instructional days, should be made available to all at-risk students. Previous LFC evaluations found low-income students who participated in prekindergarten and K-3 Plus programs were able to close the achievement gap with their more affluent peers.

To offset lost instructional time during the pandemic and address *Martinez-Yazzie* findings, the Legislature appropriated funding to cover participation for 60 percent of elementary school students in K-5 Plus (an expansion of K-3 Plus to all elementary grade levels). Despite the significant recurring investment, statewide participation in K-5 Plus remained low. In FY21, 16.1 thousand students participated in K-5 Plus, or about 11 percent of elementary school students. Current estimates suggest fewer than 13.8 thousand students will participate in the program for FY22.

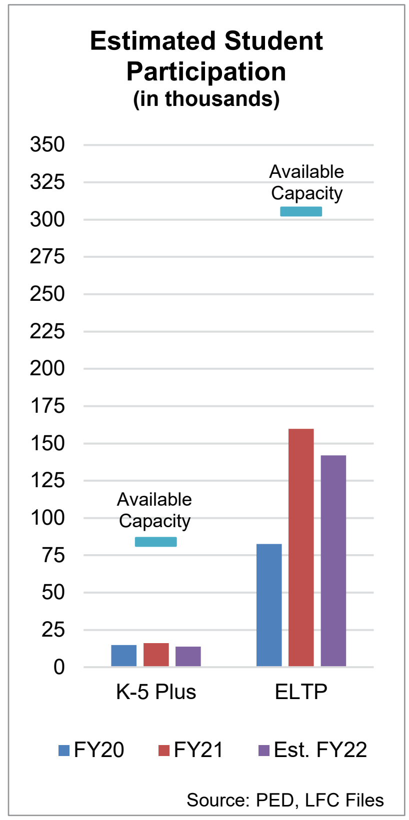
Alongside K-5 Plus, the Legislature created the Extended Learning Time (ELT) program in FY20, which adds 10 school days, 80 hours of professional development, and after school programming to the calendar for any grade level. In contrast to K-5 Plus, 159.7 thousand students participated in FY21 ELTs, nearly half of statewide enrollment. However, current estimates show ELT participation dropping to 142 thousand students in FY22.

In addition to state support for extra instructional time, schools received over $1.5 billion in federal relief funds from ESSER. The third round of ESSER aid under the American Rescue Plan (ARP) Act, which amounts to $979 million, requires schools to spend at least 20 percent of relief funds on activities to address learning loss caused by the Covid-19 pandemic. To date, schools have not budgeted any ESSER ARP funds; however, the portion intended to address learning loss is about $181 million—nearly the same amount of funding the state has appropriated for K-5 Plus and ELT each year. The state should monitor how schools address learning loss through ARP funds to identify programs that show promise of improving student outcomes.

Public Education Department

In the *Martinez-Yazzie* case, the court found PED did not exercise its full authority over school districts to ensure funding was spent on programs serving at-risk students. Although PED is charged with ensuring educational sufficiency at schools, the agency's functions are focused primarily on compliance reporting. During the pandemic, however, the agency's operations shifted toward addressing school reopening and remote learning, including producing new guidance documents, taking over school boards, and awarding federal relief funds. The department did not meet annual FY21 targets for timely reimbursement processing and data validation audits for funding formula components, likely due to remote working conditions and personnel turnover.

PED received budget and FTE increases for operations in FY21 to reduce the department's reliance on special program ("below-the-line") funding for administration; however, the department's budget still diverts over $1.3 million in special program funding for administrative overhead. The court also found PED special programs to be temporary and at an insufficient scale to have impact. PED's FY23 request will shift special program funds to the agency base operating budget.

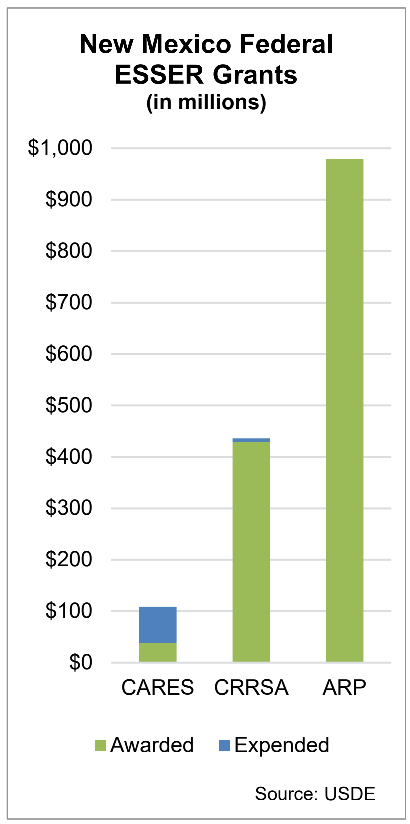


Budget: $15,300.2 **FTE: 290.2**

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Students in Extended Learning Time Programs	New	82,581	N/A*	159,713	G
Students in K-5 Plus schools	18,227	14,887	N/A*	16,067	R
Average days to process reimbursements	26.8	31	24	40	R
Data validation audits of funding formula	28	12	30	24	R
Program Rating	Y	R			R

*Measure is classified as explanatory and does not have a target.

Federal Aid. In response to the Covid-19 pandemic in FY20 and FY21, Congress supplied emergency relief (ESSER) awards to schools through three acts: the Coronavirus Aid, Relief, and Economic Security (CARES); Coronavirus Response and Relief Supplemental Appropriations (CRRSA); and American Rescue Plan (ARP). In total, New Mexico received $1.5 billion.



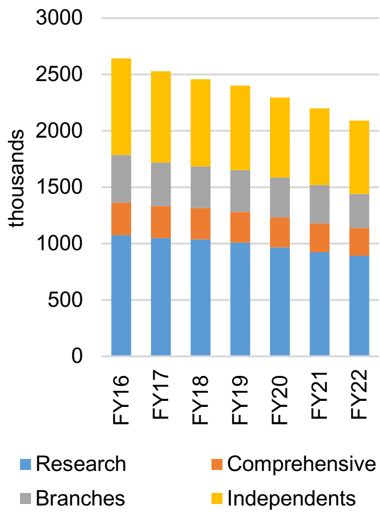
For the first round, CARES, schools budgeted two-thirds, or $60 million, for educational technology and health supplies. For the second round, CRRSA, schools budgeted 41 percent, or $155 million, for educational technology and facility upgrades, particularly to improve air quality. Schools also budgeted 27 percent, or $103 million, of CRRSA funds for at-risk student interventions, extended learning, mental health, engagement programs, and specialists. PED will collect plans for the third round, ARP, in October. According to the U.S. Department of Education, as of September 3, 2021, New Mexico has spent $96.5 million of ESSER aid, or 6.3 percent of total awards.

Higher Education

ACTION PLAN

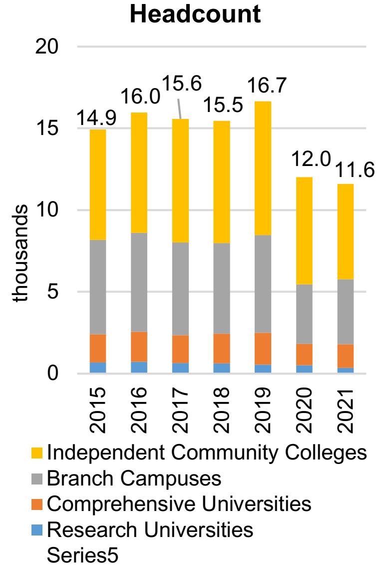
Submitted by agency?	No
Timeline assigned by agency?	No
Responsibility assigned?	No

Higher Education Credit Hours



Source: LFC analysis of HED I&G formula data.

Dual-Credit Enrollment, Headcount



Source: HED eDear reports from institutions

Colleges and universities are a crucial part of the New Mexico economy, educating its workforce, hiring staff and faculty and spending resources locally within the community. Understanding higher education institutions' ability to meet statewide needs is important to ensure they are fulfilling their roles in New Mexico communities and the state's economy.

Declining enrollment at higher education institutions throughout the state hampers the state's ability to meet its workforce needs. For the past four years, the LFC has examined enrollment and the issues that surround it: the role of recruitment on enrollment, the value of strong student support systems to retain students through completion, and the impact of enrollment on faculty workload.

According to testimony provided to the LFC subcommittee on higher education, institutions are committed to ensuring New Mexicans can easily participate in a postsecondary education. But enrollment declines are an ongoing issue. Despite increasing numbers of high school graduates, the share of those graduates not enrolling in New Mexico colleges and universities is growing. This decreasing college enrollment is also occurring despite historic investments in student financial aid.

If student enrollment kept pace with tuition increases, institutions would enjoy an additional $65 million of revenue for instruction. Instead, declining enrollment has resulted in state funding outpacing other self-generated revenues mainly because of declining enrollment. As a result, state appropriations per full-time-equivalent student continues to increase across all institutions.

In 2021, the Legislature included special language in the General Appropriation Act requiring HED to work with institutions that had lost 50 percent of student enrollment over the past five years. None of the institutions in New Mexico exceed the threshold. Nonetheless, HED required the colleges and universities to provide an assessment of internal policies on enrollment management and student retention. With two exceptions, the plans did not include growth targets or specific strategies to grow enrollment.

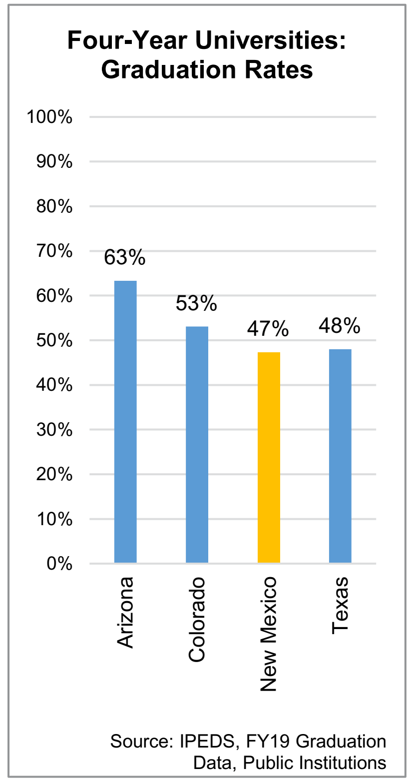
Student retention and graduation are proxies for institutional performance and effectiveness. New Mexico colleges and universities lag surrounding states in these measures. The conditions surrounding lagging performance are not well understood, and the differences among type of institution–four-year research universities compared with four-year comprehensive universities, for instance–can be stark.

Graduation Rates

Presidents of New Mexico's colleges and universities continue to set low targets for graduation rates. At the proposed levels, New Mexico will not meet its workforce goals, and higher education institutions will continue to underperform surrounding states, despite New Mexico providing one of the highest levels of investment by a state legislature.

At four-year research universities, which serve the most students, the six-year graduation rate ranges from 50 to 55 percent. At the four-year comprehensive universities, graduate rates drop to a range of 23 percent to 32 percent. The New Mexico Council of University Presidents, in its combined reporting, shows the four-year sector improving the six-year graduation rate by 4 percent over a five-year period.

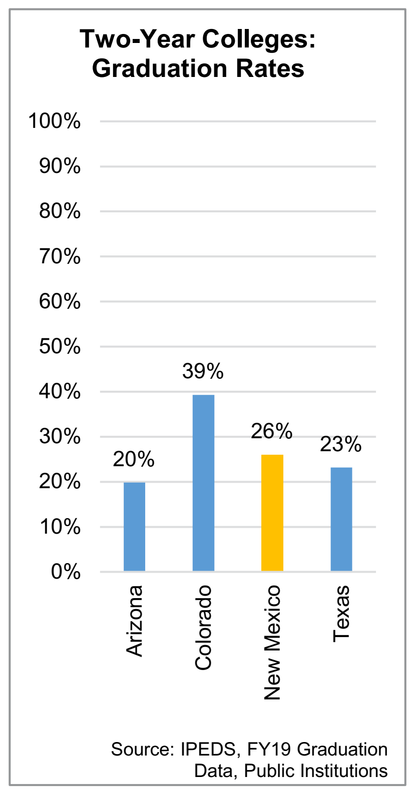
Colleges and universities–with the exception of branch campuses, which underperformed targets–are exceeding their own institutional performance targets for students graduating within three years (for associate's degrees and certificates) or six years (for bachelor's degrees). New Mexico still falls behind the average graduation rates of peer institutions in surrounding states.



Four-Year Research Universities Six-Year Completion Rates. Important successes are happening throughout the system; New Mexico Tech continues to increase its graduation rate from 50 percent to 55 percent. The University of New Mexico shows steady performance, but given the enrollment declines, the number of bachelor's degrees awarded at the flagship university is declining as well. For instance and particularly relevant for the New Mexico teacher shortage, the number of teachers graduating from UNM has dropped substantially over the past five years, almost 30 percent. The momentum is needed particularly because the research universities trail their peers in other states.

Completion rates for first-time, full-time degree-seeking students	Fall 2013 to Summer 2019 Actual	Fall 2014 to Summer 2020 Actual*	Fall 2015 to Summer 2021 Target	Fall 2015 to Summer 2021 Actual*	Rating
NM Tech	50.5%	54.4%	50%	55.3%	G
NM State University	48.2%	51.1%	51.5%	50.4%	Y
University of NM	53.6%	56.1%	50%	55.6%	Y
			Research Universities Program Rating		Y

*preliminary, unaudited



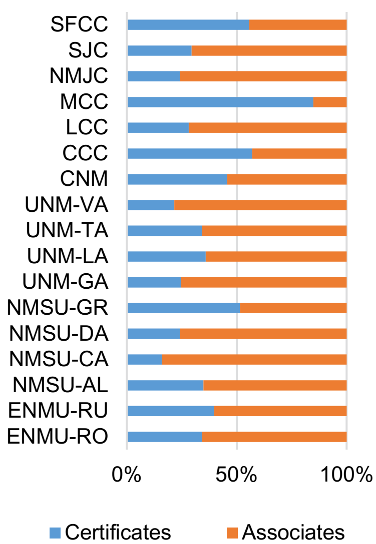
Four-Year Comprehensive Universities Six-Year Completion Rates. Regional and local employers typically benefit from students like teachers, social workers, and nurses completing degrees at the four-year comprehensive universities. However, very few of these students complete a degree on time, especially compared with students at regional peer universities. On average, only 30 students out of 100 at New Mexico comprehensive institutions complete their degree in six years. The sector trails the research universities on this measure. Finally, the targets for degree completion remain uninspiring, and comprehensive universities should be seeking to double graduation rates.

Completion rates for first-time, full-time degree-seeking students	Fall 2013 to Summer 2019 Actual	Fall 2014 to Summer 2020 Actual*	Fall 2015 to Summer 2021 Target	Fall 2015 to Summer 2021 Actual*	Rating
Eastern NM University	32.9%	29.3%	35%	33.6%	G
Highlands University	22.1%	28.7%	22%	26.5%	Y
Northern NM College	21.6%	22%	25%	31%	G
Western NM University	32.6%	27.1%	25%	23.2%	R
			Comprehensive Universities Program Rating		Y

*preliminary, unaudited

Community College Three-Year Completion Rates. Two-year branch campuses are struggling to improve graduation rates. Several independent community colleges perform similarly to the four-year comprehensive sector but confer more certificates, which require less than two years to complete. ENMU-Roswell and San Juan College are outliers, consistently graduating students at higher rates than their peers and awarding more two-year associate degrees. At Mesalands Community College, 85 percent of the awards conferred are certificates requiring less than a year to complete. Clovis Community College awards more certificates than associate degrees.

Two-Year Colleges Awards: Share of Associate Degrees to Certificates



Source: HED Funding Formula, 2021

Community College Branch Colleges

Completion rates for first-time, full-time degree-seeking students	Fall 2016 to Summer 2019 Actual	Fall 2017 to Summer 2020 Actual*	Fall 2018 to Summer 2021 Target	Fall 2018 to Summer 2021 Actual*	Rating
ENMU Roswell	24.3%	34.5%	30%	34.5%	G
ENMU Ruidoso	12.2%	5.8%	20%	18.2%	Y
NMSU Alamogordo	8.1%	17%	14%	17.5%	Y
NMSU Carlsbad	15%	14%	15%	14%	Y
NMSU Dona Ana	12.1%	15%	15%	13.9%	Y
NMSU Grants	13.7%	38%	20%	34%	G
UNM Gallup	15.1%	24.8%	15%	12.9%	R
UNM Los Alamos	11%	24.3%	15%	23.7%	G
UNM Valencia	13.8%	19.9%	18%	17.9%	Y
UNM Taos	12.9%	31.9%	15%	20%	Y
				Program Rating	Y

*preliminary, unaudited

Students at two-year colleges face additional obstacles to timely completion, mainly because 70 percent of the student population attends part-time. A substantial increase in workload for dual-credit programming offered to high school students may be diverting resources away from the core mission to prepare students in career and technical education or to transfer students to four-year universities.

Independent Community Colleges

Completion rates for first-time, full-time degree-seeking students	Fall 2016 to Summer 2019 Actual	Fall 2017 to Summer 2020 Actual	Fall 2018 to Summer 2021 Target	Fall 2018 to Summer 2021 Actual*	Rating
CNM	29.3%	30.6%	29%	29.8%	Y
Clovis CC	35.5%	43%	45%	41.3%	Y
Luna CC	20.7%	19.2%	35%	22.2%	R
Mesalands CC	50.9%	35.3%	41%	47.1%	Y
NM Junior College	47.9%	38%	40%	22%	R
San Juan College	27.9%	24%	24%	25.9%	Y
Santa Fe CC	25.4%	24.8%	19%	24.6%	G
				Program Rating	Y

*preliminary, unaudited

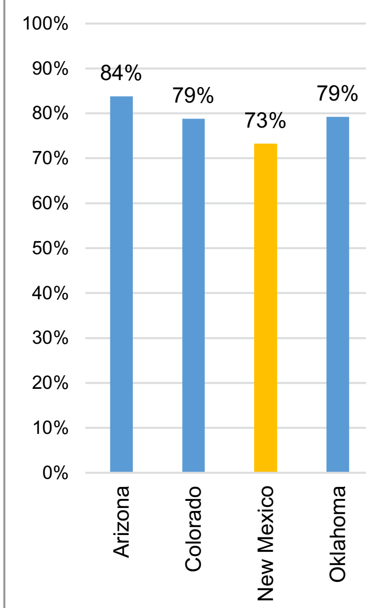
Student Retention Rates

Retention rates track students who do not return to college after the first year, who represent a tremendous cost to the state and to themselves. The importance of understanding why students leave institutions cannot be overstated, and gathering the data directly from those students is critical to improving retention rates. Similar to enrollment, keeping students on campus earning degrees improves the financial position of colleges. At the same time, staying on campus means students do not lose their investment. In New Mexico, third-semester student retention data appear to show students return after the first year at levels consistent with surrounding states but drop out at high rates after that.

A lack of data obscures reasons students leave higher education. After the third semester–based on the gap between student retention data and graduation data–student enrollment abates greatly. For example, 62 percent of students return after the first year to NMSU Doña Ana Community College, yet only 15 percent graduate. At ENMU, 59 percent of students return after the first year but 33 percent graduate.

Four-Year Universities. Four-year research institutions retained students similar to their historical levels. The research universities range from 70 percent to 80 percent retention; the comprehensive universities range from 50 percent to 65 percent, rates similar to two-year colleges.

Four-Year Universities: Retention Rates



Source: IPEDS, FY19 Retention Data, Public Institutions

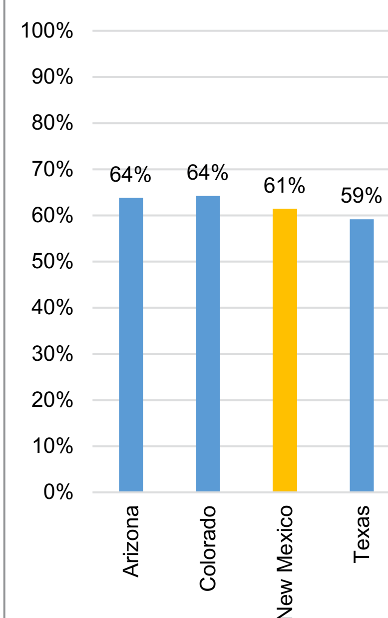
Four-Year Research Universities

Retention rates for first-time, full-time degree-seeking students to the third semester	Fall 2018 to Fall 2019 Actual	Fall 2019 to Fall 2020 Actual	Fall 2020 to Fall 2021 Target	Fall 2020 to Fall 2021 Actual	Rating
New Mexico Tech	76.7%	80.8%	80%	76%	G
New Mexico State University	74.8%	75.5%	76%	71.6%	Y
University of New Mexico	77.3%	76.9%	80%	76.9%	Y
				Program Rating	Y

Four-Year Comprehensive Universities

Retention rates for first-time, full-time degree-seeking students to the third semester	Fall 2018 to Fall 2019 Actual	Fall 2019 to Fall 2020 Actual	Fall 2020 to Fall 2021 Target	Fall 2020 to Fall 2021 Actual	Rating
Eastern NM University	63.1%	61.1%	63%	59%	Y
Western NM University	59.6%	61.8%	58%	51.2%	Y
NM Highlands University	55.4%	63.6%	53%	52.4%	G
Northern NM College	53.5%	48.1%	66.7%	51%	R
Program Rating					Y

Two-Year Colleges: Retention Rates



Source: IPEDS, FY19 Graduation Data, Public Institutions

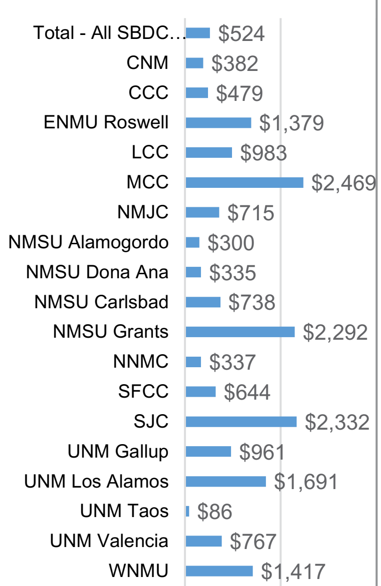
Community College Branch Campuses. At two-year colleges, 42 percent of first-time students leave after the first year. Of the 58 percent of students who persist through their first year, 23 percent of those students graduate within three years. Community colleges continue to experience significant variance in retention rates. Community college targets are low, and the results vary by institution and by year-over-year outcomes.

New Mexico Small Business Development Centers

Santa Fe Community College hosts the Small Business Development Center (SBDC), which receives $3.8 million in general fund support each year to provide confidential consultation for current and future business owners in the areas of business expansion, financing, marketing, and procurement, among other services. In addition to a procurement technical assistance program and an international business accelerator, SBDC oversees 18 service locations housed in higher education institutions throughout the state.

SBDC leverages about $890 thousand in grants from the U.S. Small Business Administration and the U.S. Defense Logistics Agency. As a condition of these federal grants, SBDC must track certified data indicating the number of jobs created or saved in addition to associated costs.

SBDC Cost per Job Created or Saved



Source: New Mexico Small Business Development Center Reports, 2021

Retention rates for first-time, full-time degree-seeking students to the second semester	Fall 2018 to Fall 2019 Actual	Fall 2019 to Fall 2020 Actual	Fall 2020 to Fall 2021 Target	Fall 2020 to Fall 2021 Actual	Rating
ENMU - Roswell	49%	41%	55%	51%	Y
ENMU - Ruidoso	43.8%	31.5%	41%	34%	Y
NMSU - Alamogordo	54.6%	52%	55%	54.8%	Y
NMSU - Carlsbad	50%	64%	60%	61.2%	Y
NMSU - Dona Ana CC	62.7%	65%	62%	61.6%	Y
NMSU - Grants	53.7%	60%	53%	52%	Y
UNM - Gallup	63.1%	49.6%	65.5%	51.4%	Y
UNM - Los Alamos	56%	60.6%	58%	63.8%	G
UNM - Taos	46%	42.7%	50%	51%	Y
UNM - Valencia	61.2%	50.6%	65%	52.6%	Y
				Program Rating	Y

Independent Community Colleges. Independent community colleges showed the strongest performance among the two-year college sector. The sector tends to develop target levels more aspirational than the other higher education sectors in New Mexico. The difference between the independent community colleges and branch campuses may be the level of local communities' financial support and participation.

Retention rates for first-time full-time degree seeking students to the second semester	Fall 2018 to Fall 2019 Actual	Fall 2019 to Fall 2020 Actual	Fall 2020 to Fall 2021 Target	Fall 2020 to Fall 2021 Actual	Rating
Central NM Community College	65.1%	63%	65%	61.7%	Y
Clovis Community College	65.9%	64.2%	63%	62.4%	Y
Luna Community College	54.6%	40.7%	60%	64.8%	G
Mesalands Community College	64.1%	47.6%	65%	61.5%	G
New Mexico Junior College	46.6%	66.8%	65%	50%	R
San Juan College	57.1%	54%	61%	63.8%	G
Santa Fe Community College	67.3%	53.4%	50%	51.7%	Y
				Program Rating	Y

Early Childhood Education and Care Department

The newly created Early Childhood Education and Care Department (ECECD) has primary responsibility for the state's early childhood care and education system. Primary programs include childcare assistance, home visiting, prekindergarten, and the Family, Infant, Toddler (FIT) program. However, some programs still considered part of the early care and education system will remain in other state agencies or are directly federally funded such as K-5 Plus, the Women, Infants and Children (WIC) program, and Head Start.

ACTION PLAN	
Submitted by agency?	Yes
Timeline assigned by agency?	No
Responsibility assigned?	No

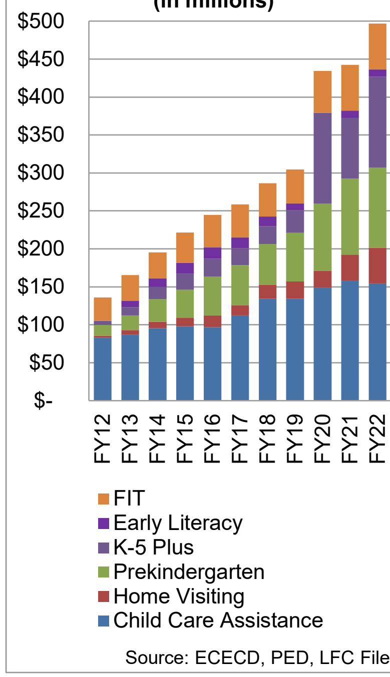
Family Support and Intervention

The program—composed primarily of the Family, Infant, Toddler (FIT) developmental disabilities intervention program, Families First case management program, and home visiting parental education and supports program—has just two measures, both for home visits. Given the significant state investments in the early intervention programs of the family supports and intervention program, additional performance measures are needed for policymakers to monitor performance. The program met targeted performance for both measures in FY21. Traditional face-to-face home visits were not possible for an extended period of time due to the pandemic, and future analysis of the home visiting program will reveal how effective video visits and tele-visits were. As the home visiting program expands, it is unclear how ECECD intends to recruit additional families and whether the current system of providers can accommodate an increase.

Reported quarterly performance measures will expand in both FY22 and FY23 for ECECD.

Budget: $35,098.5 **FTE:** 46

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Parents participating in home visiting who demonstrate progress in practicing positive parent-child interactions	45.5%	43.7%	50%	74%	G
Families receiving home visiting services for at least six months that have one or more Protective-Services-substantiated abuse or neglect referrals during the participating period	1.1%	0.9%	3%	0.6%	G
Program Rating	G	G			G

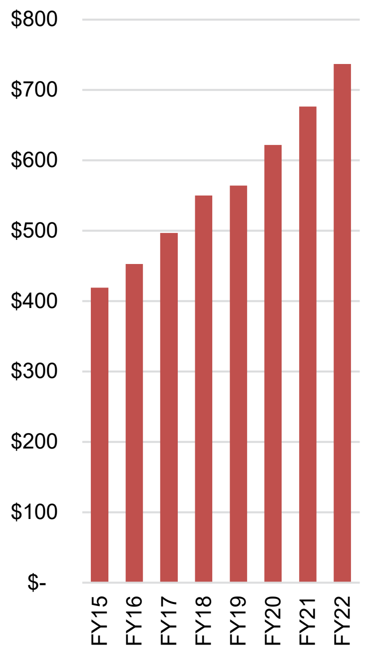


Source: ECECD, PED, LFC Files

Early Education, Care, and Nutrition

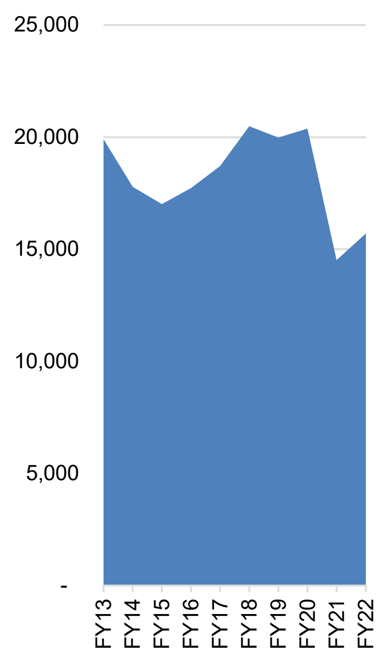
The Early Education, Care and Nutrition Program, primarily composed of private-provider prekindergarten, childcare assistance, and the Family Nutrition Bureau, met a majority of targeted performance measures. Again, given significant state investments in these early care and education programs, additional performance measures are needed for policymakers to monitor performance. Prior to the pandemic, childcare assistance average monthly enrollment had been relatively flat, ranging between 18 thousand and 20 thousand children a month. However, in fall 2020, enrollment declined significantly to 15 thousand. In FY21, average monthly enrollment was 14.5 thousand. The average monthly cost per child, however, increased to $676, or $8,117 annually. The average annual cost per child rose 9 percent in FY21 above the previous fiscal year despite the significant decline in enrollment. The increased cost has been primarily driven by the department covering parent co-payments and a $200 per child payment to providers. Despite the increased cost per child, low enrollment will result in general fund reversions

LFC published the annual Early Childhood Accountability Report in August 2021. The full report focuses on early childhood system spending, service capacity, and outcomes.



Childcare Assistance Average Monthly Cost per Child

Source: ECECD



Childcare Assistance Enrollment by Fiscal Year

Source: ECECD

or significant federal revenue carry-forward. The department spent $141.9 million of the $158 million annual child care assistance budget in FY21.

Budget: $329,628.9 **FTE:** 156

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Children in community-based prekindergarten funded by the Early Childhood and Education Department showing measurable progress	95%	93%	95%	95%	G
Licensed childcare providers participating in high-quality programs	43%	47%	43%	52%	G
Children receiving subsidy in high0quality programs	73%	71%	60%	74%	G
Children receiving childcare assistance with substantiated abuse or neglect referrals during the childcare assistance participating period	1.3%	1.5%	1.3%	1.5%	Y
Children in New Mexico childcare assistance who have attended four- or five- star programs for eight months or longer showing measurable progress on the school readiness fall preschool assessment	New	Not Reported	85%	Not Reported	R
Program Rating	G	G			G

Public Prekindergarten

During the pandemic, all public school and most private school prekindergarten programs were forced to close in-person programs and conduct programs virtually. In spring 2021, virtual class sessions lasted on average approximately 30 to 45 minutes, depending on children's ability to remain attentive and parents' ability to assist and support their children in remote learning. During virtual classes, teachers followed lesson plans and continued to implement learning activities, taking into consideration the materials children and families had at home to support activities. Teachers posted recordings of virtual classes on social media outlets and offered supplementary videos for parents to encourage and enhance children's virtual learning experience. Future analysis of pandemic prekindergarten cohorts will indicate how these newly implemented aspects of prekindergarten compared with in-person delivery.

Budget: $48,856.5 **FTE:** 0

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Children in community-based prekindergarten funded by the Early Childhood and Education Department showing measurable progress	95%	93%	95%	Not Reported	R
Program Rating	G	G			R

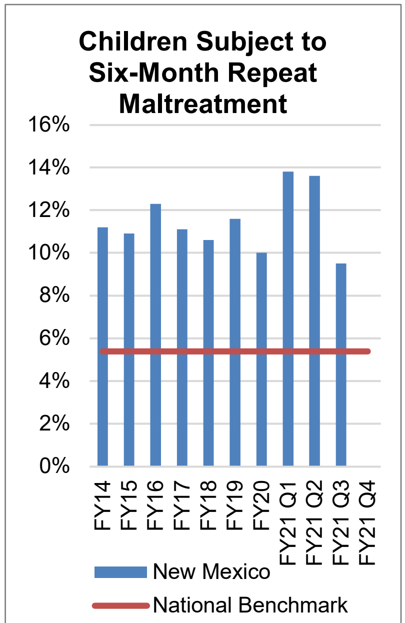
Children, Youth and Families Department

Repeat maltreatment is the most important indicator of how well a state's child protective agency's interventions perform. The measure informs leaders of whether the state's interventions are working within a short timeframe. Because many children and families face socioeconomic challenges, a risk factor for child maltreatment, the state spends millions each year on programs to intervene when families experience crises. Findings in a recent LFC evaluation determined the state sometimes intervenes with foster placements when less traumatic and costly alternatives are available.

ACTION PLAN	
Submitted by agency?	Yes
Timeline assigned by agency?	Yes
Responsibility assigned?	Yes

Protective Services

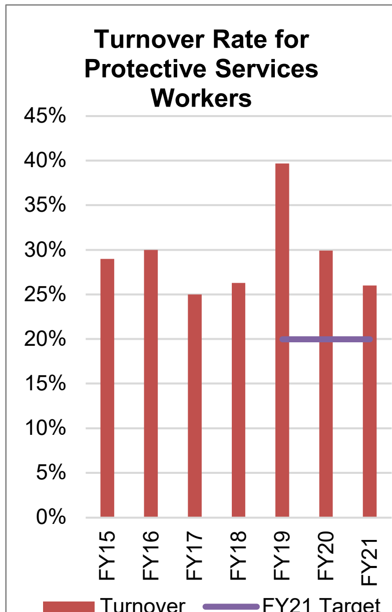
Preventive Services. Research indicates upstream evidence-based prevention services effectively reduce family interactions with state child protective service agencies and demonstrate positive returns on investment due to reductions in foster placements and other long-term permanency solutions. Because of this, the department's strategic plan goals include more preventive services and more appropriate placements by reducing the use of group care and increasing the use of kinship care. However, the department is in the beginning stages of implementing more preventive services with outcomes, such as repeat maltreatment rates, not yet being influenced by the department's interventions.



Source: CYFD Quarterly report

State and Federal Government Investments and Incentives. In 2020, the state enacted legislation requiring the department to create a differential response (DR) system, an evidence-based process shown to reduce foster care placements and an alternative way of responding to alleged child maltreatment where there is low risk and where investigations may not be appropriate. The approach allows Protective Services to provide services to a child's family without removing the child from the home.

However, the new statute does not require the department to provide an annual implementation and outcomes report to LFC and the Department of Finance and Administration until July 2022. Additionally, recognizing positive outcomes associated with preventive services, in 2018 the federal government passed the Family First Prevention Services Act, which created incentives for states to move money from back-end services to front-end prevention services. The state followed suit, investing more general fund in preventive services.



Source: CYFD Quarterlty performance report

Delayed IT Upgrades. The department's new comprehensive child welfare information system, a linchpin to ensure families are connected to appropriate services, has undergone several delays because of the department's decision to integrate with the larger Human Services Department Medicaid management information system replacement (MMISR) project. Integration with MMISR, while offering several advantages–such as the ability to leverage a 90 percent Medicaid match and greater agency-to-agency coordination–also presented the department with challenges, such as adding several layers of federal reporting requirements and greater funding complexity.

With increased emphasis from the Legislature and the federal government on preventive services, performance is behind benchmark rates and the state continues to have high repeat maltreatment rates and low rates of prevention services delivered.

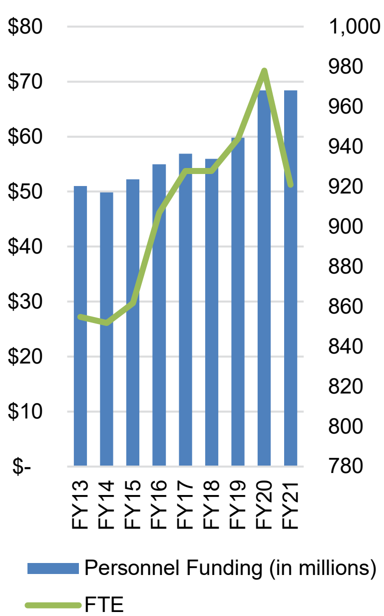
Children in foster care are experiencing

- Nearly 15 maltreatment victimizations per 100 thousand days in foster care,
- Nearly six foster care placement moves per 1,000 days,
- Non-kinship care 58 percent of the time, and
- Permanent placement of 30 percent within 12-months.

To address the above performance, Protective Services says it is doing the following:

- Partnering parents of foster children with contracted community mentors,
- Looking into placing children in shelters, residential treatment, or group homes,
- Instituting corrective action plans for non-compliant treatment foster care agencies, and
- Changing investigation and documentation procedures for foster care maltreatment cases.

Protective Services Personnel Appropriations and Filled FTE



Source: CYFD OpBud and SPO Tool Report

Budget: $171,038.6 **FTE:** 1,019

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Children who do not have another substantiated maltreatment report within six months of their initial report	89.6%	90%	93%	Not Reported	R
Children who have another substantiated maltreatment report within 12 months of their initial report.	17%	14.1%	9.1%	13.8%	R
Maltreatment victimizations per 100,000 days in foster care	13.4	12.6	8.5	14.7	R
Children in foster care for more than eight days who achieve permanency within 12 months of entry into foster care	32.3%	29.3%	40.5%	29.7%	R
Children in foster care for 12-23 months at the start of a 12-month period who achieved permanency within that 12 months	36.5%	40.2%	44%	40.4%	R
Children in foster care for 24 months (or more) at the start of a 12-month period who achieved permanency within that 12 months	36.6%	34%	32%	41%	G
Turnover rate for protective services workers	39.7%	29.9%	20%	26%	R
For children in foster care for more than eight days, placement moves per 1,000 days of foster care	7.8	5.9	4	5.6	R
Families with a completed investigation that engaged in prevention services (In-Home Services, Family Support Services) for 30 days or more	4.5%	6.4%	20%	Not Reported	R
Rate of serious injury per 1,000 investigations	2.88	3.1	1	Not Reported	R
Average statewide central intake call center wait time (in minutes)	n/a	0:15	0:30	0:27	G
Average of the longest statewide central intake call center wait time per month for a rolling 12-month period (in minutes)	n/a	8:18	15:00	11:30	G
Foster care placements currently in kinship care settings	23.1%	28.8%	35%	42%	G
Kinship care placements that transition to permanent placement	37.5%	40.5%	15%	48.5%	G
Indian Child Welfare Act foster care children who are in an ICWA-preferred placement	n/a	n/a	38%	73.2%	G
Children in foster care who have at least one monthly visit with their caseworker*	94%	95.6%	n/a	98.1%	
Program Rating	R	R			Y

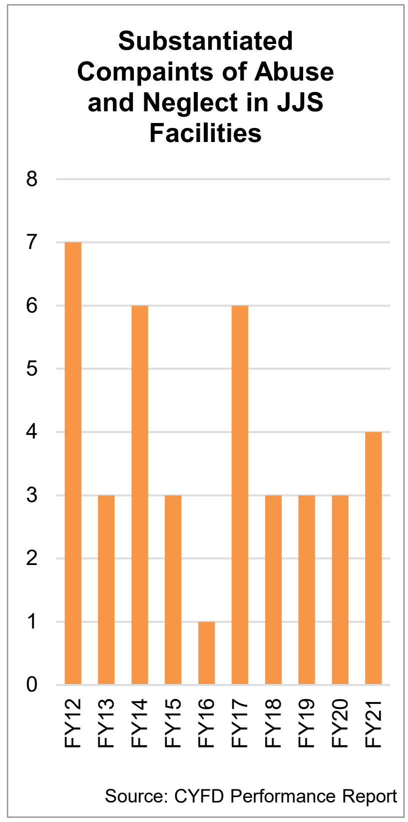
*Measure is classified as explanatory and does not have a target.

Juvenile Justice Services

Mixed Performance. While the program reduced physical assaults in Juvenile Justice Services (JJS) facilities by 22 percent, the share of 18-year-old clients entering corrections within two years of discharge was well above target and FY20 outcomes. The department's action plan to reduce adult corrections involvement is to conduct assessments to screen for traumatic exposure and allow for individual treatment plans. Those at risk of reoffending are matched to the appropriate level of supervision and are reassessed to measure progress. The action plan could be improved to ensure follow up after the youth leaves the facility and continuance of individual treatment plans. Additionally, the measure on JJS clients who successfully complete probation was better than expected, but recidivism continued to be a problem area. The department may need to reevaluate its probation model and ensure it is effectively addressing individual needs, ensuring clients are prepared for discharge and do not recidivate.

Budget: $71,742.4 **FTE:** 821

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Physical assaults in Juvenile Justice Facilities	235	287	<285	224	G
JJS clients age 18 or older who enter adult corrections within two years of discharge from a JJS facility	21.5%	14.6%	10%	15.4%	R
JJS clients who successfully complete formal probation	85.8%	93.7%	86%	90.3%	G
Recidivism rate for youth discharged from active field supervision	20%	20%	12%	17.7%	R
Recidivism rate for youth discharged from commitment	44.5%	41.1%	40%	33.4%	G
Substantiated complaints by clients of abuse and neglect in JJS facilities	10%	25.9%	13%	21.1%	R
Turnover rate for youth care specialists	16.9%	18.1%	19%	18.5%	G
Program Rating	Y	Y			Y



Behavioral Health Services

Behavioral Health Services also had a mixed year of performance with 30 percent of infants receiving a recommendation for family reunification from a mental health team being referred back to Protective Services because of substantiated maltreatment. The program's action plan is to support the community of practice through clinical consultation and increase competency in the delivery of child parent psychotherapy (CPP). Because 20 infants were sent back to protective services this year, the action plan should be improved with greater urgency. The state may need to rethink its use of the CPP model or reevaluate fidelity to the model. Likewise, the measure on children receiving community behavioral health clinician services is well below target and, while the action plan includes words, the program has no real plan other than filling vacancies. In FY21, BHS assigned 10 FTE to this work; five positions remain vacant.

Budget: $42,948.0 **FTE:** 115.5

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Infants served by infant mental health teams with a team recommendation for unification who have not had additional referrals to protective services	91%	94%	93%	70%	R
CYFD-involved children and youth who are receiving services from community behavioral health clinicians	51.8%	64%	75%	65.3%	R
Youth receiving services who are maintained in the least restrictive setting	-	-	70%	89.4%	G
Domestic violence survivors who create a personalized safety plan with the support of agency staff prior to discharge from services	-	-	85%	95%	G
Program Rating	G	G			Y

Economic Development Department

ACTION PLAN	
Submitted by agency?	Yes
Timeline assigned by agency?	No
Responsibility assigned?	Yes

LegisSTAT Pilot Agency

The Economic Development Department participated in the Legislative Finance Committee's first LegisSTAT panel, a new hearing format hyper-focused on performance metrics and agency action plans.

The agency addressed the department's role in creating jobs in the state. The department will be asked to update members on recovery metrics in future appearances before the committee, as well as respond to key questions, including

-Why is rural job creation recovering slower than other job creation from the agency?

-How will the department proactively attract businesses to rural New Mexico?

-How is the department monitoring the return on investment from LEDA grants?

-How are leads from the New Mexico Partnership contributing to job growth in the state?

Cost Per Job

	JTIP	LEDA
FY15	$5,300	$5,000
FY16	$6,000	$10,400
FY17	$12,563	$29,200
FY18	$8,839	$4,025
FY19	$8,144	$13,272
FY20	$4,541	$39,688
FY21	$6,643	15, 663

Source: EDD, LFC Files

For the final quarter of FY21, the Economic Development Department (EDD) continued to focus on aiding New Mexico businesses to recover after public-health related closures, offering webinars for local businesses on including how to qualify for state and federal funding, Local Economic Development Act (LEDA), and Job Training Incentive Program (JTIP) resources, and other topics. While several metrics for the department, including overall job creation, have begun to recover to, and even surpass, prepandemic levels, rural job creation severely lags overall state job creation, and should be a department focus for FY22, which is included in the agency's action plan.

Economic Development

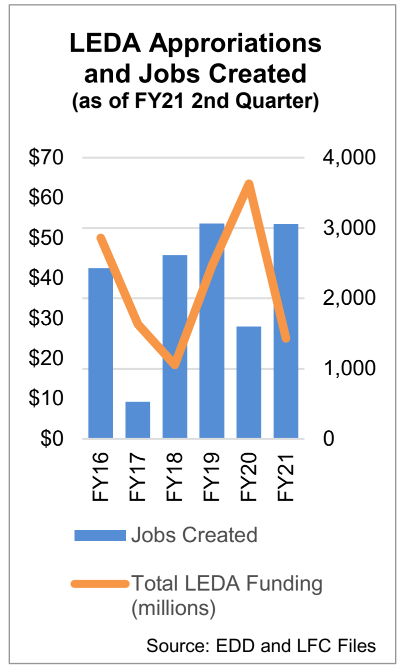
Local Economic Development Act and Job Training Incentive Program. The Economic Development Division awarded six companies $9.8 million in Local Economic Development Act (LEDA) funds in the fourth quarter of FY21 and created 1,016 jobs, bringing the total number of jobs created for LEDA in FY21 to 3,058, surpassing the target. Major LEDA recipients in the fourth quarter include $250 thousand to Beck and Bulow, a Santa Fe meat company, which will create 52 new jobs in the next seven years; $500 thousand to Affordable Solar, a large-scale solar and energy storage integration throughout the Western United States, which will support 70 high-paying jobs in the next five years; and $500 thousand to American Gypsum, a long-standing manufacturer of wallboard products in New Mexico, which will create 137 jobs.

The funds matched for fourth-quarter LEDA projects totaled $585 million, contributing to a 128-to-one ratio of private sector dollars invested per dollar of LEDA funds awarded. The department distributed a total of $47.4 million in LEDA funding in FY21, with an average cost-per-job for the fiscal year of $15.7 thousand. While the total fiscal year average cost-per-job is significantly lower than FY20, cost-per-job ranged from $8,000 per job to $21 thousand per job in the four quarters of FY21 alone, indicating inconsistency in LEDA award criteria. As of August 2021, EDD reports $30 million in general fund revenues, other state funds, and severance tax bonds as unencumbered.

For the Job Training Incentive Program (JTIP), the JTIP board approved 32 companies in the fourth quarter, nine of which were new to JTIP, bringing 727 new jobs at an average wage of $20.34 per hour. Of the new jobs, 172 were high wage, of which 146 were located in urban areas with at least a $60 thousand annual salary and 26 were located in rural areas with at least a $40 thousand annual salary. The board also approved 16 internships at an average wage of $21.56 per hour. The department reports $15.2 million in available JTIP funds.

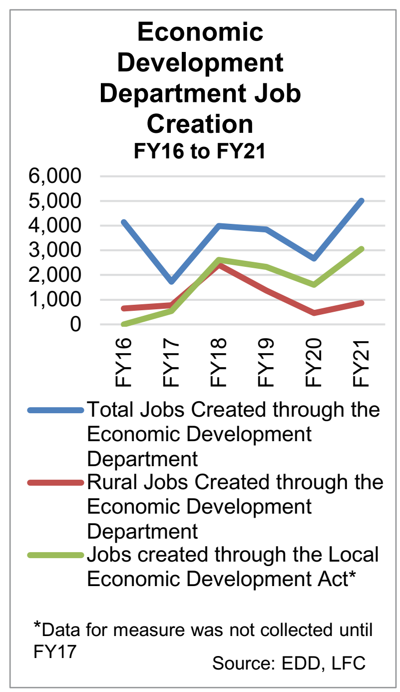
MainStreet. In addition to $10.9 million in private sector investments and 66 private building rehabilitations, local MainStreet programs reported 71 net new businesses, seven business expansions, and 284 net new jobs for the fourth quarter. Major MainStreet projects from the final quarter of FY21 include the addition of four new business to Belen's MainStreet district, creating 106 new jobs, two new businesses in Harding County MainStreet for a total of seven new jobs, six new businesses in Taos for 12 new jobs, and a $4 million investment in the renovation of the Taos Couse-Sharp historic site.

Recovery. Total jobs created by the department and jobs created through LEDA surpassed the target, and even prepandemic levels, for FY21. The department has focused on companies that offer competitive wages, and surpassed the target for wages of jobs created in excess of prevailing local wages by $20 thousand. Despite the overall growth in jobs attributable to department efforts, rural jobs created by the department have not made a similar recovery, and rural jobs created in FY21 were only a third of those created in FY19. The agency attributes this in part to public-health-emergency travel restrictions and notes, in general, in-person meetings are vital for both attracting jobs to rural New Mexico and engaging rural New Mexican communities and businesses in development opportunities. The department plans to concentrate in-person efforts in rural New Mexico at the outset of FY22 and will request funding for additional regional representatives to build capacity in rural areas. EDD's action plan includes new web initiatives, to include rural economic development organizations, and new policies geared toward urban companies seeking remote workers. Though EDD surpassed its internal job creation targets, the greater New Mexico economy still faces workforce and recovery issues, indicating the need to better align EDD measures with overall state economy indicators.



Budget: $10,277 FTE: 25

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Jobs created due to economic development department efforts	3,840	2,670	4,000	5,012	G
Rural jobs created	1,376	460	1,320	871	Y
Average wage of jobs created due to economic development department efforts, in thousands	NEW	NEW	$47.5	$70.6	G
Jobs created through business relocations facilitated by the New Mexico partnership	617	812	2,250	147	R
Potential recruitment opportunities submitted by the New Mexico Partnership	53	33	60	60	G
Wages of jobs created in excess of prevailing local wages	NEW	NEW	$5,000	$24,948	G
Private sector investment in MainStreet districts, in millions	$30.7	$24.57	$30	$58	G
Company visits to New Mexico for projects managed by the New Mexico Partnership	New	New	12	9	Y
Private sector dollars leveraged by each dollar through Local Economic Development Act	32:1	27:1	20:1	128:1	G
Jobs created through the use of Local Economic Development Act funds	3,586	1,600	3,000	3,058	G
Workers trained by Job Training Incentive Program	2,333	2,202	1,900	3,356	G
Program Rating	Y	Y			G



New Mexico Film Office

The Covid-19 pandemic brought film and television production to a standstill in March 2020, production restarted in September 2020. Productions have since resumed at a steady pace, resulting in an increase in worker days throughout FY21 and surpassing the annual target. Direct spending by the film industry reached $624 million for FY21, a 58 percent increase over FY20. However, once again growth in rural New Mexico lags, and the agency reports none of the high-budget productions contributing to the increase are working in the rural uplift zone.

2021 Outdoor Equity Grant Recipient Examples

Organization	Grant Award	Location
Big Brothers Big Sisters Mountain Region	$10,000	Gallup
Project Description: The Outdoor Program focuses on giving young people equitable access to the outdoors and providing matches (mentors and youth) with outdoor opportunities.		
City of Clovis The City of Clovis	$20,00	Clovis
Project Description: Provide local youth with opportunities to engage with the environment.		
Flower Hill Institute	$1,998	Jemez Pueblo
Project Description: Flower Hill Institute will host STEM and Indigenous Knowledge culturally responsive summer camps for Tribal youth.		
Hermit's Peak Watershed Alliance	$20,000	Sapello
Project Description: This program will provide opportunities to local youth for birding, fly fishing, and participating in the Gallians River Park revitalization.		
Hozo Academy	$20,000	Gallup
Project Description: Will provide an outdoor classroom ad greenhouse where students learn various planting techniques including traditional Native gardening.		
Localogy Vida Camp	$15,000	Questa
Project Description: Connects youth in northern Taos County with their foodshed, watershed. Youth will explore local farms, ranches, and streams while engaging in work to improve the community.		

Source: EDD

Budget: $747.1 FTE: 8

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Direct spending by film industry productions, in millions	$525.5	$257.3	$530	$624	G
Film and media worker days	319,814	266,604	300,000	514,580	G
Direct spending by film industry productions eligible for the additional 5 percent credit in rural areas in millions	New	New	$20	$7.16	R
Program Rating	Y	R			Y

Outdoor Recreation

The Outdoor Recreation Division's goal is to ensure all New Mexicans share in the public health, environmental, and economic benefits of sustainable outdoor recreation. The two-person division focuses on a few key impact areas: economic development, promotion of outdoor-recreation assets, conservation, and education and public health programs. In the fourth quarter, the division awarded grants to three outdoor recreation business accelerators. The division will start to record results from those awards beginning in FY22.

The division also announced the award recipients of the outdoor equity fund for the 2021 grant cycle. The grants, awards ranging from $1,000 to $20 thousand, support youth outdoor experiences that foster stewardship and respect for New Mexico's land, water, and cultural heritage. In 2020, the fund awarded a total of $261,863.78 to 25 programs, which were able to get approximately 2,700 kids outside. This year, the fund awarded $898,337 to 57 programs throughout the state that will get nearly 22 thousand youth outdoors over the next 18 months.

Budget: $451.4 FTE: 2

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
New outdoor recreation jobs created by the outdoor recreation division*	New	40	N/A	6	
Outdoor recreation projects funded or lead by the outdoor recreation division*	New	11	N/A	9	
Program Rating					

*Measure is classified as explanatory and does not have a target.

Tourism Department

The Covid-19 pandemic has had a substantial negative impact on the tourism industry in New Mexico, which makes up approximately 8 percent of the total state economy, according to the department's most recent economic impact study. Jobs in the leisure and hospitality sector continued to show year-over-year declines in the fourth quarter of FY21, further complicating tourism recovery efforts. While the department excelled in growing its social media presence and earned media revenue, it will need to prioritize workforce issues, low out-of-state visitation rates, and appropriate leveraging of public dollars to fully recover and grow tourism in the state, which is addressed in the agency action plan.

ACTION PLAN	
Submitted by agency?	Yes
Timeline assigned by agency?	Yes
Responsibility assigned?	Yes

LegisSTAT Pilot Agency

The Tourism Department participated in the Legislative Finance Committee's first LegisSTAT panel, a new hearing format hyper-focused on performance metrics and agency action plans.

The agency addressed key economic recovery indicators, including visitation rates and leisure and hospitality employment rates. The department will be asked to update members on recovery metrics in future appearances before the committee, as well as respond to key questions including

- How is the department measuring return on investment (ROI) from various marketing initiatives?
- What additional data and metrics would provide more insight into ROI from agency spending?
- Will the Tourism Department commit to improving its quarterly reporting to LFC and the Department of Finance and Administration with relevant recovery-measures, such as hotel occupancy rates?

Marketing and Promotion

Employment in the leisure and hospitality industry for FY21 increased significantly. At the height of the pandemic in FY20, employment levels were down 27.5 percent compared with FY19, and for FY21, employment grew, but is still down 14 percent compared with pre-pandemic rates. This slow growth translates to a significant workforce shortage in an industry fighting to not only recover, but grow. The Tourism Department (NMTD) leveraged its workforce during public-health closures to focus on and strengthen its digital footprint, resulting in substantial increases in digital engagement and earned media.

Budget: $14,795.1 FTE: 16

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Change in New Mexico leisure and hospitality employment	5%	-27.5%	3%	-14%	Y
Change in total digital engagement	NEW	NEW	3%	16.8%	G
Amount of earned media value generated in millions	NEW	NEW	$1	$1.7	G
Program Rating					G

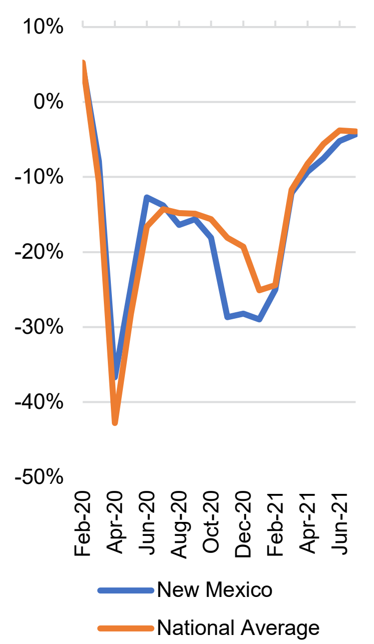
Tourism Recovery Metrics

Indicator	May 2020	May 2021
Travel Spending	-67.10%	-18%
Drive Market Visitors	-54%	-4%
Passengers Deplaned At Albuquerque International Sunport	20,313	138,931
Hotel Occupancy rates	25.90%	60.30%

Recovery. New Mexico tourism and the industries reliant on it suffered during the pandemic. While New Mexico was not alone in experiencing severe tourism losses, some data indicate New Mexico was hit harder than other states. For example, the Albuquerque International Sunport saw one of the greatest losses in passengers deplaned in 2020 in the country and is still at only 50 percent of its 2019 passenger level. Additionally, the state did not resume marketing and promotion for either in-state or out-of-state tourism until March, 2021 the beginning of "peak" tourism season. Despite the late start, the agency worked to quickly expend $7 million in special appropriations for tourism revitalization, collaborating with the Department of Game and Fish and its New Mexico True partners to produce several robust marketing campaigns. Though key indicators of tourism recovery are still below pre-pandemic levels and may continue to be into the first quarter of FY22, recovery is happening, with travel spending up approximately 50 percent year over year, and the "drive market," or visitors who drive more than 50 miles from their home to a New Mexico destination, only 4 percent lower than pre-pandemic levels.

NMTD focuses on data for tourism revitalization and hosts a public economic recovery dashboard on its website. The dashboard features data from various sources on visitor spending, vaccination rates, small business performance, and hotel occupancy rates. This tool enables legislators and members of the public to track the efficacy of marketing and promotion spending, and the department should consider continuing the dashboard postpandemic in addition to including relevant measures in its quarterly reports.

Retail and Recreation Visitation throughout Covid-19



Source: NMTD

New Mexico Magazine

New Mexico Magazine exceeded its target for advertising revenue per issue, reaching an average of $182.2 thousand for FY21. Due to the Covid-19 pandemic, the department re-evaluated its sales strategy, which, combined with a fully staffed sales team, accounted for the increase in advertising revenue. *New Mexico Magazine* has a circulation of approximately 68 thousand customers. The magazine's digital engagement reaches more than 200 thousand visitors per month across various platforms.

Budget: $3,231.9 FTE: 10

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Advertising revenue per issue, in thousands	$67.8	$75	$80	$182.2	G
Program Rating	Y	Y			G

Tourism Development Program

The Tourism Development Program provides tourism support for communities, regions, and other entities around the state by providing training, litter prevention, cultural heritage outreach, and financial support in the form of competitive grants. The Tourism Development Division made collaboration with Native American partners a priority in recent years, hiring a full-time cultural heritage coordinator in late FY20. The New Mexico True Certified program continued to grow in the final quarter of FY21 and helped businesses weather the pandemic by creating holiday gift guides and road trip guides. NMTD notes the New Mexico True Certified program has quadrupled since its creation in 2014 and projects saw continued growth as more businesses realize its branding potential.

Budget: $2,305.8 FTE: 18

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Meetings or events conducted with Native American entities	NEW	NEW	16	21	G
Participants in New Mexico True Certified Program	NEW	NEW	250	414	G
Program Rating	G	G			G

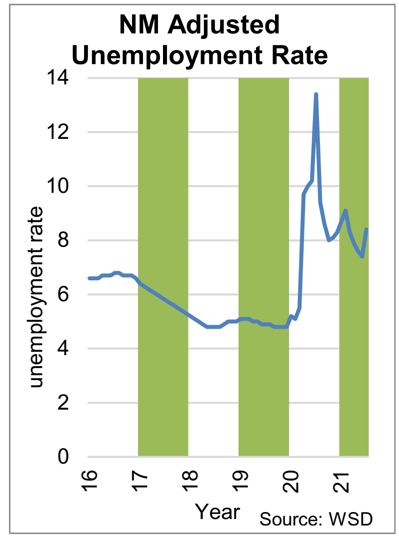
Workforce Solutions Department

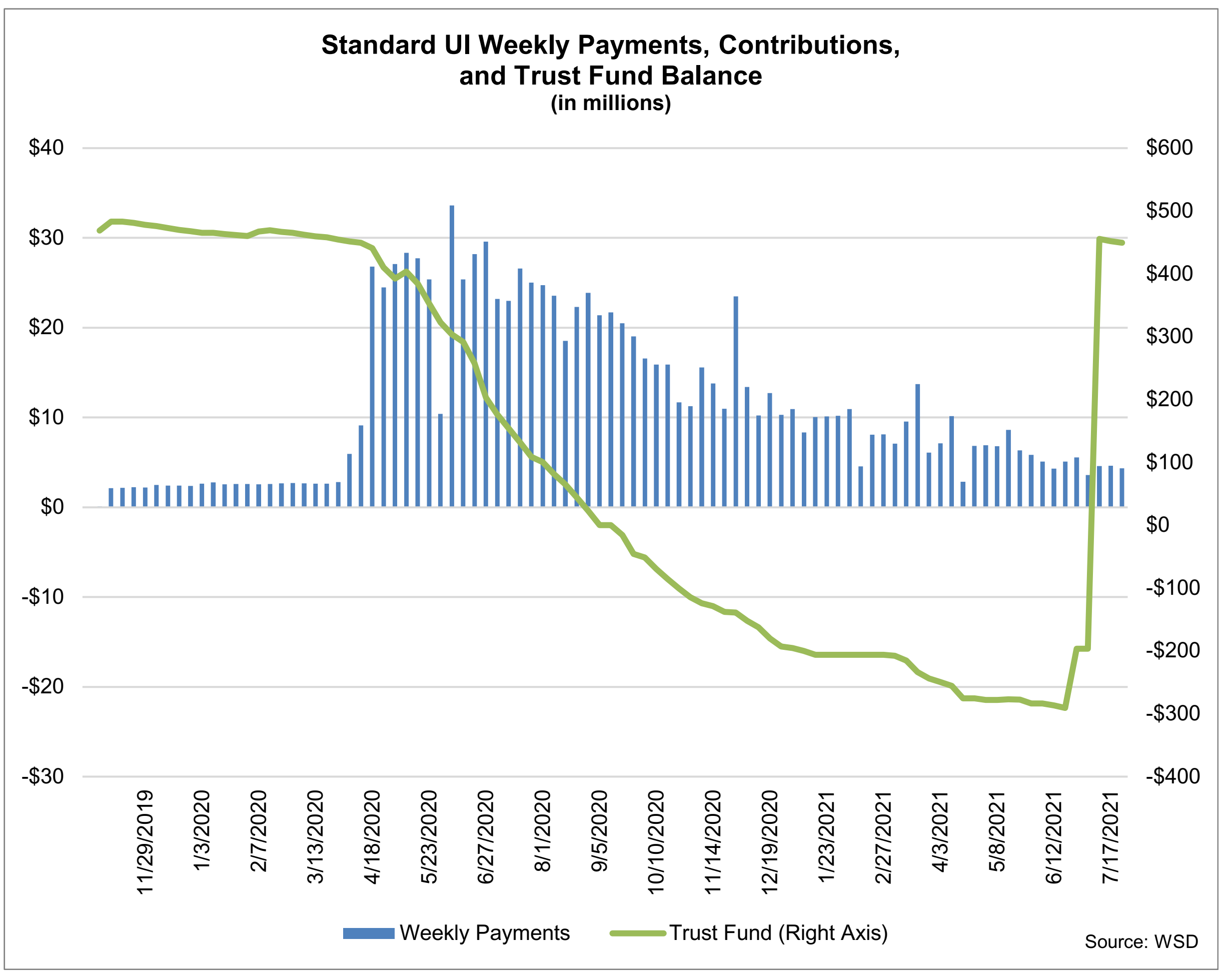
While the number of unemployment claims steadily declined in the fourth quarter, the Workforce Solutions Department (WSD) continued processing unemployment claims at the historically high rate of about 72.3 thousand per week in July 2021. Unemployment claims included about 34 thousand standard claims and 94 thousand pandemic-related claims. Unemployment in July 2021 was 7.9 percent, down from a high of 13.4 percent in July 2020, the highest rate since measurement began in 1976.

Between April 2020 and September 2021, WSD paid out $4.7 billion in unemployment benefits and continue processing claims standard unemployment and extended benefits. The federal Coronavirus Aid, Relief and Economic Security (CARES) Act created three major unemployment insurance programs: Pandemic Emergency Unemployment Compensation, Pandemic Unemployment Assistance, and Federal Pandemic Unemployment Compensation (FPUC) under the Consolidated Appropriation Act of 2021, which also created a fourth program, Mixed Earner Unemployment Compensation. The federal American Rescue Plan Act (ARPA) of 2021, signed into law in March, made changes to each of the programs and continuing benefits through September 5, 2021, including an additional $300 per week on top of standard benefit levels initially provided under the FPUC program.

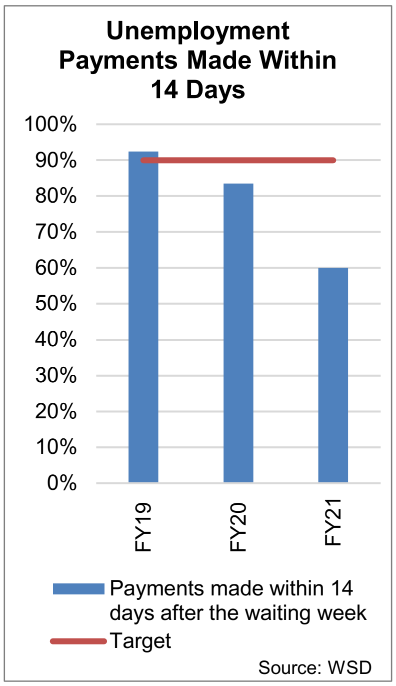
ACTION PLAN

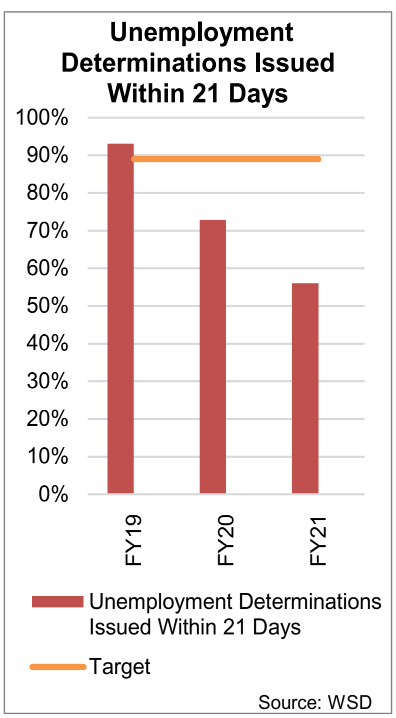
Submitted by agency?	Yes
Timeline assigned by agency?	Yes
Responsibility assigned?	Yes





During the 2021 Legislative Session, the Legislature set aside $600 million of funding through the federal American Rescue Plan Act (ARP) to pay off federal loans and replenish the unemployment trust fund. The governor vetoed this funding but then allocated a similar amount to the trust fund to restore balances.





In March 2020, the state's unemployment trust fund had a healthy balance of $458 million, but with record unemployment claims, the fund was depleted and reached insolvency on September 8, 2020. New Mexico, like many other states, borrowed from the federal government to maintain balances and continue processing claims. With state assistance from ARPA, the department paid off the loans and replenished the balance of the fund to close to prepandemic levels.

Unemployment Insurance

In May 2021, LFC published an unemployment insurance Spotlight evaluation and estimated the state had paid about $250 million in benefit overpayments since the start of the pandemic. Prior to the pandemic, fraud rates were already increasing and are now at the highest level in recent years. Insufficient staff and training made it challenging for WSD to process claims effectively while also following new federal requirements. Inadequate interpretation of state law and federal guidance led to incorrect calculation of employer taxes and benefits. Additional federal stimulus funds contributed to a disincentive to seek reemployment for those on unemployment insurance.

To address overpayment issues and reduce call center wait times, the department hired more than 100 call center staff. Some of the staff were repurposed contact tracers from the Department of Health (DOH) and others were brought on as exempt staff through the Governor's Office. The new hires are allowing the department to answer nearly all call center calls daily, and the department typically clears the backlog of calls by 3 p.m. All call center staff telecommute, and most of the new staff brought their equipment from DOH. However, the staff started working after the third quarter and the numbers below do not reflect the change.

Budget: $10,367.1 **FTE:** 164

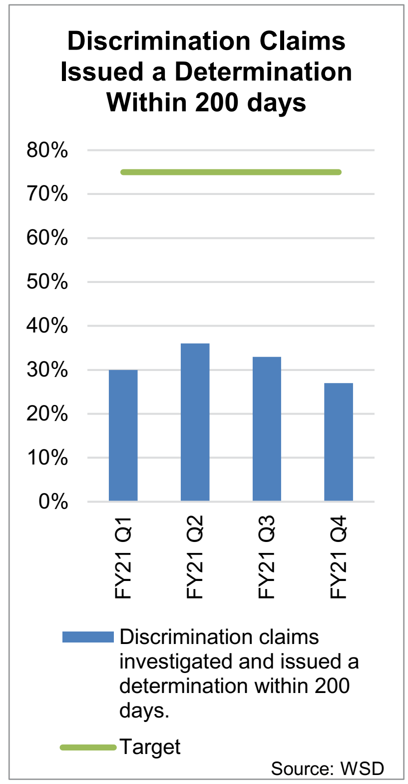
	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Eligible unemployment claims issued a determination within 21 days from the date of claim	93%	73%	89%	56%	R
Percent of all first payments made within 14 days after the waiting week	92%	83.5%	90%	60%	R
Accuracy rate of claimant separation determinations	70%	N/A*	91%	53%	R
Average wait time to speak with a customer service agent in the unemployment insurance operation center to file a new unemployment insurance claim, in minutes	17:05	24:48	18:00	18:69	Y
Average wait time to speak with a customer service agent in the unemployment insurance operation center to file a weekly certification, in minutes	15:00	18.48	15:00	16:55	R
Program Rating	Y	R			R

*Measure is classified as explanatory and does not have a target.

Labor Relations

In 2021, the Legislature passed the Healthy Workplaces Act requiring employers within the state to provide sick leave of one hour per 30 hours worked, with earned sick leave carrying over from year to year up to at least 64 hours. Unlike wage and hour statutes, the department is required to investigate complaints related to the act, which may significantly increase investigations. The task of implementing the act fell on the Labor Relations Division. The department hopes to finalize rules related to the act by September 2021, well ahead of its July 1, 2022, effective date. The department hired a program administrator and requested about $950 thousand for an administrative assistant, an attorney, a paralegal, tech support staff, and five investigators.

The Labor Relations Division reported 98 wage claims received, with 169 cases closed through administrative determination, for an 85 percent closure rate for the quarter. Current in-person public works inspection projects are on hold due to the public health pandemic. The division is below targets on the resolution of legacy and discrimination claims.

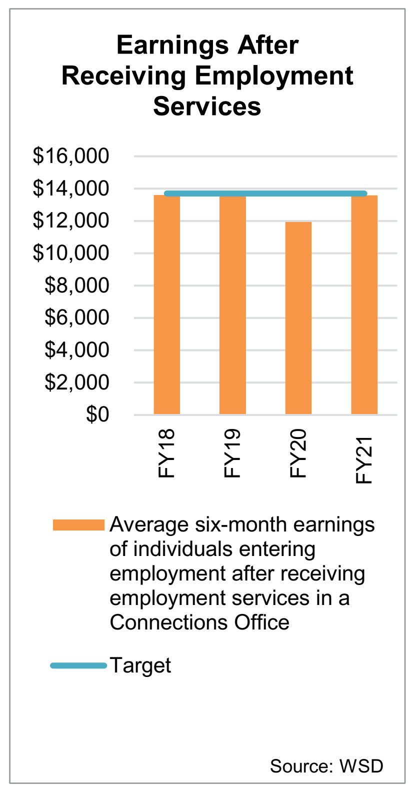


Budget: $4,993.7 **FTE:** 41

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Investigated claims issued an administrative determination within 90 days	43.8%	17%	85%	14%	R
Total public works projects inspected	NEW	NEW	80%	0%	R
Legacy claims issued an administrative determination	NEW	NEW	90%	62%	R
Discrimination claims investigated and issued a determination within 200 days	NEW	NEW	75%	27%	R
Program Rating	Y	Y			R

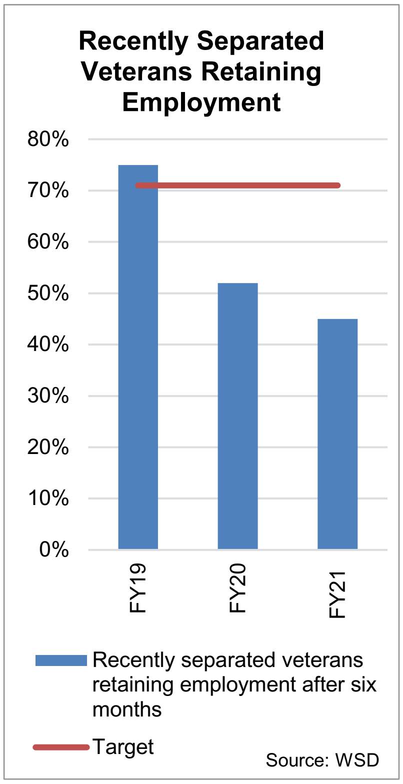
Employment Services

Recently the state Workforce Solutions Department and the State Workforce Development Board published *Making the Case for the Transformation and Redesign of the New Mexico Workforce Development System* and recommended consolidating the state's four workforce development boards into two. The paper relies on information from the August 2020 LFC *Spotlight: Workforce Development, Post Covid-19 Pandemic*, which cited the state's poor U.S. ranking for employment and earnings outcomes.



The department report recommends createing a metro board and a rural area board. The metro board would serve Sandoval, Santa Fe, Bernalillo, and Dona Ana counties, while the rural area board would serve the remaining New Mexico counties. Poor performance was cited as the primary reason for consolidating workforce boards. However, the report cites several opportunities, including reduced administrative costs leading to increased funding for job seekers, improvements in labor market alignment allowing for services to be tailored to the needs of similarly situated communities in rural or urban areas, improved monitoring and use of state resources in the oversight of two boards rather than four, and better strategic planning, coordination, and communication from the simplified two board system.

Recently separated veterans continue to struggle with the transition from active duty service to civilian life. WSD is developing a military transition workshop in collaboration with active-duty installations, National Guard, and Armed Forces Reserve sites and has achieved near-full staffing of veteran's employment representatives in all workforce centers. For disabled veterans, WSD is expanding its Disabled Veterans' Outreach Program to improve case management, conduct routine follow-up, and increase the use of online outreach tools.



Budget: $17,471.3 **FTE:** 145

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Average six-month earnings of individuals entering employment after receiving employment services in a Connections Office	$13,740	$11,936	$13,700	13,594	Y
Recently separated veterans entering employment	50%	49%	50%	47%	Y
Unemployed disabled veterans entering employment after receiving workforce development services in a Connections Office	45%	44%	50%	47%	Y
Individuals receiving employment services in a Connections Office	113.347	91,743	100,000/25,000 (Annual/Qtr.)	107,366	G
Unemployed individuals employed after receiving employment services in a Connections Office	56%	67%	55%	57%	G
Individuals who have received employment services in a Connection Office retaining employment services after six months	79%	68%	79%	57%	R
Recently separated veterans retaining employment after six months	75%	52%	71%	45%	R
Average six-month earnings of unemployed veterans entering employment after receiving veterans' services in a Connections Office	$16,886	$9,478	$17,000	$14,193	R
Average change in six-month earnings of working individuals after receiving employment services in a Connections Office	NEW	NEW	$1,000	TBD	R
Audited apprenticeship programs deemed compliant	NEW	NEW	35%	67%	G
Total number of individuals accessing the agency's online job seeker portal	NEW	NEW	125,000	293,837	G
Apprenticeships registered and in training	NEW	NEW	1,500	1,837	G
Program Rating	Y	Y			Y

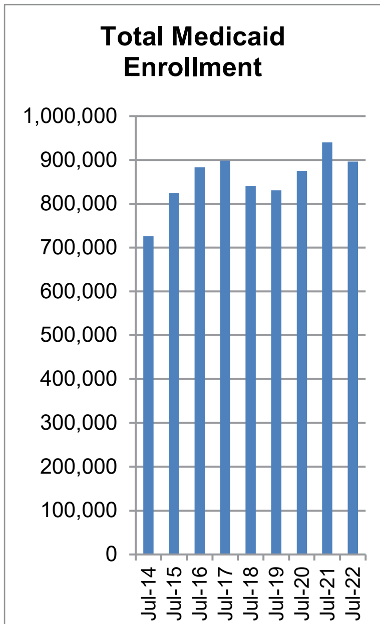
Human Services Department

The Human Services Department (HSD) endeavored to maintain and improve healthcare access during the Covid-19 pandemic despite multiple challenges including facility closures due to public health orders. Nonetheless, HSD underperformed in the Medicaid and Income Support programs. New Mexico has the largest Medicaid program in the country, but throughout FY21, Medicaid reported quarterly performance data on just three performance measures despite collaborating in FY20 to report on substantially more performance measures.

ACTION PLAN	
Submitted by agency?	Yes
Timeline assigned by agency?	Yes
Responsibility assigned?	Yes

HSD Scorecard

In October 2020, the Human Services Department's (HSD's) website added a performance "scorecard." The scorecard provides comparative annual data on a few contract management performance measures for the three managed care organizations (MCOs) and provides some high level data on the performance of other HSD programs and services. Examples include how MCOs compare with ensuring follow-up appointments, child support payments collected, and percent of follow-up appointments with mental health practitioners. Some of the dashboard's performance measures are included in the LFC quarterly performance report cards; however, HSD's 2021 fourth quarter performance report did not include new quarterly data for annual measures due to the lag in data reporting.



July 2021 Projection

Source: HSD

Medical Assistance Division

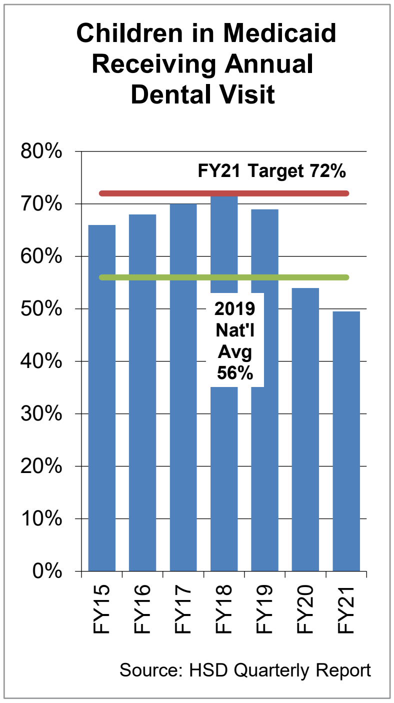
The Medicaid program has a red rating because of declining performance and a lack of quarterly reporting of performance data. The Medical Assistance Division reported on three performance measures on health outcomes in the third quarter of FY21, including (1) "children and youth in Medicaid managed care who had one or more well-child visits with a primary care physician during the measurement year," (2) "children ages 2 to 21 enrolled in Medicaid managed care who had at least one dental visit during the measurement year," and (3) "hospital readmissions for adults 18 and over within 30 days of discharge." In FY20, HSD elected to continue reporting on the full list of Medicaid performance measures reported on in previous fiscal years. In FY22, HSD again collaborated to report quarterly data on several performance measures for Medicaid. However, there was a gap of performance reporting in FY21 and the Medicaid program is too important to proceed with quarterly performance reporting on just a handful of measures.

The Medicaid caseload in June 2021 was 929,805 individuals, an 8 percent increase over a year ago. The count of Medicaid recipients increased by 3,463, or 0.4 percent, over May.

In June 2021, 380,687 children were on Medicaid, an increase of 14,855, or 4 percent, over June 2020. The number of children on Medicaid increased by 635 members, or 0.2 percent, from May to June.

The department attributed the declining performance on two of the three Medicaid performance measures to members' hesitancy to seek services during the pandemic, as well as limits on service availability due to the pandemic public health orders. Covid-19 significantly impacted the utilization of services due to closures of healthcare and dental offices and implementation of office safety protocols limiting the number of scheduled appointments. Medicaid MCOs were directed to extend all existing prior authorizations and maintain 24-hour/7-day per week nurse advice lines for the duration of the emergency declaration. Additionally, Medicaid MCOs were directed to offer access to out-of-network services for Medicaid members where appropriate and required.

HSD did not report on two performance measures identified in the General Appropriation Act of 2020: (1) "percent of infants in Medicaid managed care



The Supplemental Nutrition Assistance Program (SNAP) caseload in June 2021 was 259,456, a 4 percent increase over a year ago, and a decrease of 10,024 cases, or 3.7 percent, below May. The federal government has authorized maximum SNAP benefits through at least December 2021.

The Temporary Assistance for Needy Families (TANF) caseload was 11,402 in June 2021, a decrease of 5.3 percent from a year ago, and a decrease of 641 cases, or 5.3 percent, below May.

who had six or more well-child visits with a primary care physician before the age of 15 months" and (2) "rate per one thousand members of emergency room use categorized as nonemergent care." However, HSD notes these measures were excluded from the FY21 approved list of measures, but will report on them in FY22.

Pandemic-Related Enrollment and Funds. The pandemic, unemployment, and federal policy greatly impacted the Medicaid program's enrollment, utilization, costs, and health outcomes. In March 2020, the Families First Coronavirus Response Act (FFCRA) was enacted and included a 6.2 percent increase in the regular Medicaid matching rate. States receiving the 6.2 percentage point increase are required to continue Medicaid eligibility for any individuals enrolled as of March 18, 2020, or enrolled during the public health emergency, unless the individual voluntarily terminates eligibility or is no longer a resident of the state. Between March 2020 and March 2021, Medicaid enrolled over 90 thousand new members, for a total near 930 thousand.

Budget: $5,919,667.4 **FTE:** 220.5	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Infants in Medicaid managed care who had six or more well-child visits with a primary care physician during their first 15 months*	66%	52%	N/A	No Report	R
Children and youth in Medicaid managed care who had one or more well-child visits with a primary care physician during the measurement year*	85%	67%	88%	67.2%	R
Children ages 2 to 21 enrolled in Medicaid managed care who had at least one dental visit during the measurement year	69%	54%	72%	49.5%	R
Individuals in managed care with persistent asthma appropriately prescribed medication	66%	84%	55%	No Report	R
Hospital readmissions for children ages 2 to 17 within 30 days of discharge	4.7%	4.9%	<5%	6.7%	R
Hospital readmissions for adults 18 and over within 30 days of discharge	9.9%	9.3%	<8%	No Report	R
Emergency room use categorized as non-emergent per one thousand Medicaid member months*	60%	59%	45%	50%	G
Individuals with diabetes in Medicaid managed care ages 18 through 75 whose hospital admissions had short-term complications	24.6	16.7	16.4	15	G
Newborns with Medicaid whose mothers received a prenatal care visit in the first trimester or within 42 days of enrollment in the managed care organization*	82%	72%	83%	No Report	R
Medicaid managed care members with a nursing facility level of care being served in the community	86%	86%	80%	88%	G
Program Rating	Y	Y			R

*Measures are Healthcare Effectiveness Data and Information Set (HEDIS) measures, which represent a tool used by more than 90 percent of America's health plans to measure performance on important dimensions of care and service. HSD uses a rolling average; the most recent unaudited data available includes the last quarters of FY20 and the first quarters of FY21. The data for HEDIS measures is preliminary and will be finalized in June 2022.

Income Support Division

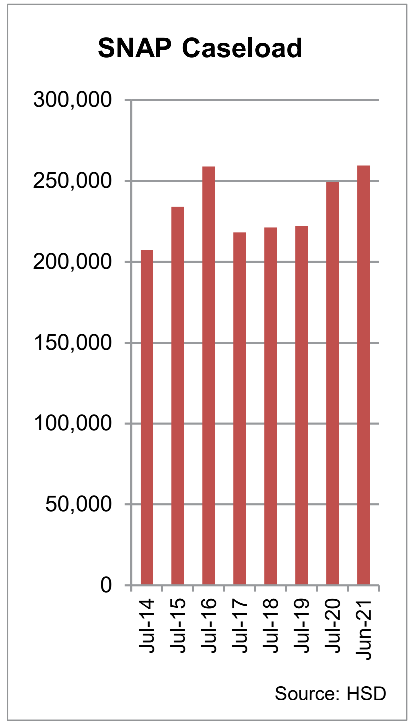
The Income Support Division (ISD) declined to report quarterly on two standard performance measures–"Temporary Assistance for Needy Families federal two-parent recipients" and "families meeting federally required work requirements."

These measures are required in FY21 and will be reported on in FY22, but only annually instead of the previously required quarterly reporting.

The new performance measure, "TANF recipient's ineligible for cash assistance due to work-related income," reflects adults whose new employment income exceeded TANF guidelines. However, during the first quarter the average unemployment rate in New Mexico was 10.8 percent and is currently near 7 percent, which negatively impacts employment opportunities for TANF recipients.

ISD added a performance measure for TANF recipients who have graduated and obtained their certificate of completion under the University of New Mexico's (UNM) Accelerated College and Career Education (ACCE) Program. During FY21, an average of 502 TANF recipients were active in ACCE, and 24 people successfully obtained a high school equivalency certificate. This represents a success rate of less than 5 percent. ISD contractor, Creative Work Solutions (CWS), continued to assist participants with job readiness activities, including placement in ACCE.

The Workforce Solutions Department (WSD) collaborated with ISD to establish new employment opportunities to help place TANF Career Link Program and Wage Subsidy Program participants in jobs. However, there are challenges to re-engage TANF participants while pandemic-related nonparticipation sanctions remain suspended.



Budget: $945,325.0 **FTE:** 1,149

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Regular Supplemental Nutrition Assistance Program cases meeting the federally required measure of timeliness of 30 days	99.1%	98.8%	96%	99.1%	G
Expedited Supplemental Nutrition Assistance Program cases meeting federally required measure of timeliness of seven days	99.1%	98.8%	98%	98.5%	G
Temporary Assistance for Needy Families recipients ineligible for cash assistance due to work-related income	No Report	14.1%	37%	1.4%	R
Temporary Assistance for Needy Families recipients who obtain a high school equivalency certificate	New	New	N/A	4.8%	R
Two-parent recipients of Temporary Assistance for Needy Families meeting federally required work requirements	59.5%	39.5%	N/A	No Report	R
All families receiving Temporary Assistance for Needy Families meeting federally required work requirements	48.9%	31.1%	N/A	No Report	R
Program Rating	Y	R			R

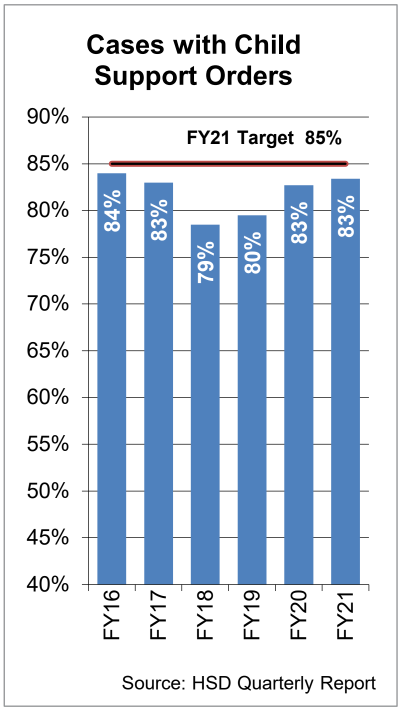
Due to the declaration of the Covid-19 public health emergency, ISD lifted all New Mexico Works (NMW) requirements related to work participation and restored participants' benefits to their full benefit levels.

In addition to ensuring all newly approved TANF recipients received the proper orientation and assessments to identify and locate additional resources to support vulnerable families during the pandemic, the NMW service provider, Creative Work Solutions, is actively re-engaging all previously sanctioned participants through phone calls, texts, and emails.

This re-engagement effort ensures participants have access to the supports they need in their communities and remain engaged with NMW to avoid sanctions in the future.

Child Support Enforcement Division

The Child Support Enforcement Division (CSED) reported it is engaged in modernizing the program to set accurate child support obligations based on the noncustodial parents ability to pay; increase consistent, on-time payments to families; move nonpaying cases to paying status; improve child support collections rates; reduce the accumulation of unpaid and uncollectable child support arrearages; and incorporate technological advances and evidence-based standards that support good customer service and cost-effective management practices.



Due to the Covid-19 pandemic, CSED escalated implementation of its child support prioritization tool to assist with managing for performance. CSED also worked on having parties agree to an establishment order, when possible, to avoid reliance on court hearings that could delay establishing court orders during the Covid-19 public health emergency.

CSED reported its child support collections for calendar year 2020 were up from about $138 million to $156 million due to intercepting federal Coronavirus Aid, Relief, and Economic Security Act stimulus funds checks that went out to noncustodial parents (NCPs). CSED encouraged NCPs to use electronic means to make payments, including mailing payments, rather than dropping off payments at local offices due to the social distancing order. However, CSED is keeping daily limited office hours to allow NCP payments to continue to flow to the custodial parents during the pandemic. In addition, NCPs who apply for unemployment insurance will be automatically linked with the child support system and a portion of their unemployment benefit will pay for their child support obligation. Unemployment rates in the state have negatively affected child support collections.

Budget: $32,508.6 **FTE:** 378

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Noncustodial parents paying support per total cases with support orders	No Report	51.7%	58%	55.7%	R
Total child support enforcement collections, in millions	$137.5	$156.1	$145	$147.4	G
Child support owed that is collected	57.7%	58.7%	60%	60.9%	G
Cases with support orders	79.5%	83.2%	85%	83.5%	R
Total dollars collected per dollars expended	$3.55	$3.44	$4.00	No Report	R
Program Rating	R	Y			Y

Note: Children with paternity acknowledged or adjudicated are reported in the federal fiscal year.

Behavioral Health Collaborative

New Mexico suffered from among the poorest substance use and behavioral health outcomes in the country even before the Covid-19 pandemic further exacerbated anxiety, depression, insomnia, psychological distress, and substance use. The Human Services Department's Behavioral Health Services Division and Behavioral Health Collaborative have taken measures to ensure and improve behavioral health access during the Covid-19 pandemic. The agency met the performance targets on half of its six measures.

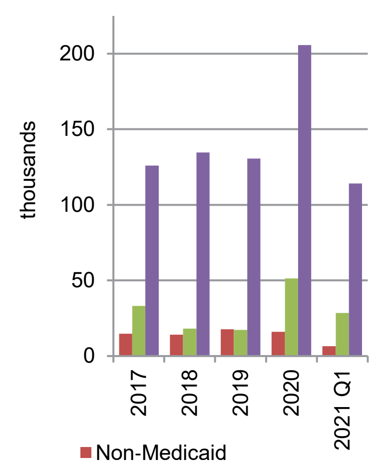
ACTION PLAN	
Submitted by agency?	Yes
Timeline assigned by agency?	No
Responsibility assigned?	No

Existing Problem

In New Mexico, 19 percent of adults experience mental illness, and as of 2018, New Mexico had the highest suicide rate in the nation, a rate of 25 per 100 thousand people. The Behavioral Health Services Division (BHSD) of the Human Services Department (HSD) reports over 60 percent of adults with moderate mental illness and over 30 percent of adults with serious mental illness in the past year did not receive treatment.

The Department of Health reports New Mexico had the 12th highest drug overdose death rate in the United States. in 2019. New Mexico's drug overdose death rate, 30.4 per 100 thousand population, was about 41 percent higher than the U.S. rate. Alcohol-related injury deaths were 33.2 per 100 thousand population. About two out of three drug overdose deaths in New Mexico in 2019 involved an opioid, and the methamphetamine death rate grew 2.4 times higher than in 2015. The fentanyl-involved death rate in 2019 was seven times greater than in 2015. In 2019, there were 605 drug overdose deaths in New Mexico.

Individuals Served Annually in State-Funded Substance Abuse or Mental Health Programs



Source: HSD

Higher Risk for Covid-19. A retrospective case-controlled national study of electronic health records found patients with a substance use disorder (SUD) were at significantly increased risk for Covid-19, an effect strongest for individuals with opioid use disorder, followed by smokers. Patients with SUD had a significantly higher prevalence of chronic kidney, liver, and lung diseases, cardiovascular diseases, type 2 diabetes, obesity, and cancer. Black Americans with SUD had a significantly higher risk of Covid-19 than white Americans and also had worse death and hospitalization rates.

LFC Progress Report: Addressing Substance Use Disorders

In August 2021, an LFC progress report recommended the state

- Improve prevention and early intervention programs to address the underlying causes of substance abuse, including poverty and childhood trauma; and
- Improve the quality of behavioral healthcare, boost access, increase financial incentives, and build a workforce that better represents the state's cultural and racial demographics.

Pandemic Efforts and Federal Funds

To improve behavioral health access during the pandemic, New Mexico Medicaid managed care organization (MCOs) and non-Medicaid programs allowed behavioral health providers to bill for telephone visits using the same rates for in-person visits. For the 12-month period, July 1, 2019 through June 30, 2020, 22,575 unduplicated members were served through telehealth services. In the third quarter, the unduplicated count of persons served through telehealth in rural and frontier counties was 19,435 persons, 6.3 percent lower than members served during the prior quarter, 20,744 persons. Medicaid saw a 46 percent increase in telehealth, from 22.5 thousand clients to 33 thousand clients.

HSD also implemented strategies to increase the behavioral health providers network, including (1) expanding the SUD waiver to add Medicaid funding for screening, brief intervention, and referral to treatment (SBIRT), CareLink health homes, adult substance use residential treatment, medication assisted treatment, and use of peer supports; (2) implementing $78 million in FY20 Medicaid provider rate increases in October 2019, including those for behavioral health providers; (3) implementing a graduate medical expansion program for primary care, behavioral health physicians, and psychiatry; (4) reaching settlement agreements in December 2019 with the remaining five behavioral health organizations that filed lawsuits against HSD when their Medicaid payments were frozen in 2013 due to largely unsubstantiated allegations of fraud; and (5) receiving a $2.4 million federal planning grant in September 2019 to increase the treatment capacity of Medicaid providers to deliver SUD treatment and recovery services. Finally, the 2020 Medicaid MCO contracts include delivery-system-improvement performance measures to increase the number of unduplicated Medicaid members receiving behavioral health services from a behavioral health provider.

In the last two federal stimulus packages, BHSD received over $20 million in federal funds to support treatment services for individuals with mental health and substance use disorders. Priorities are to train and provide ongoing coaching to providers on evidence-based practices that can rapidly be delivered via telehealth, enhance the New Mexico Crisis and Access Line (NMCAL), implement peer recovery supports, and support the network of crisis response, including telepsychiatry, crisis triage, and mobile outreach. NMCAL created a dedicated crisis line open 24/7 for healthcare workers and first responders to provide professional counseling and support for those on the front lines of the state's pandemic response, and launched NMConnect, an app that connects New Mexicans to crisis counseling.

Budget: $73,387.7 **FTE:** 55

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Adult Medicaid members diagnosed with major depression who received continuous treatment with an antidepressant medication	39.3%	40.6%	35%	38.3%	G
Medicaid members ages 6 to 17 discharged from inpatient psychiatric hospitalization stays of four or more days who receive follow-up community-based services at seven days	69.3%	66.5%	51%	53.7%	G
Increase in the number of persons served through telehealth in rural and frontier counties*	5.2%	308%	N/A	6.9%	Y
Readmissions to same level of care or higher for children or youth discharged from residential treatment centers and inpatient care	8.6%	8.9%	5%	10.5%	R
Individuals served annually in substance use or mental health programs administered by the Behavioral Health Collaborative and Medicaid	165,641	273,198	172,000	200,932	G
Emergency department visits for Medicaid members ages 13 and older with a principal diagnosis of alcohol or drug dependence who receive follow-up visit within seven days and 30 days	13.3% 7 day; 19.6% 30 day	14.3% 7 day; 21.8% 30 day	25%	13.3% 7 day; 19.7% 30 day	R
Program Rating	R	R			Y

*Measure is classified as explanatory and does not have a target.

Status of FY21 Behavioral Health Performance Measures

Beginning in FY21, three behavioral health performance measures were discontinued:

- Individuals discharged from inpatient facilities who receive follow-up services at seven days;
- Individuals discharged from inpatient facilities who receive follow-up services at 30 days; and
- Suicides among 15 to 19 year olds served by the behavioral health collaborative and Medicaid.

The General Appropriation Act of 2020 mandated reporting on the following measures not reported on by HSD:

- Percent of adults with mental illness or substance use disorders receiving Medicaid behavioral health services who have housing needs who receive assistance with their housing needs;
- Percent of individuals discharged from inpatient facilities who receive follow-up services at 30 days;
- Percent of people with a diagnosis of alcohol or drug dependency who initiated treatment and receive two or more additional services within 30 days of the initial visit; and
- Percent reduction in number of incidents from the first to last day of the school year in classrooms participating in the pax good behavioral games, as measured by the spleem instrument.

Most of the FY21 performance measures are below the targeted levels. The pandemic appears to have impaired service delivery despite increases in telehealth.

BHSD's Office of Peer Recovery and Engagement trains and identifies peers to provide daily engagement and support for displaced individuals, to monitor health and overall well-being, encourage participation in behavioral health services, and assist with any additional needs (e.g., food, clothing, medications, cell phone service, laundry and cleaning supplies) related to the social determinants of health.

Department of Health

The Department of Health (DOH) reported some increases in performance on targets across the agency during FY21 but focus on managing the state's Covid-19 response also resulted in declining performance for other department programs. In addition, a recent LFC report found drug overdoses and alcohol-related deaths in New Mexico reached all-time highs in 2020, even though the state has tripled spending on substance use treatment since 2014. DOH is a major cornerstone in the state's system to provide substance use treatment. However, very little quarterly performance is related to substance use disorder or treatment.

ACTION PLAN	
Submitted by agency?	Yes
Timeline assigned by agency?	No
Responsibility assigned?	No

Covid-19

A significant portion of the state's response to Covid-19 is either managed, delivered, or coordinated by the Department of Health. Given the tremendous department resources dedicated to the pandemic, DOH began reporting temporary performance measures regarding this work. New Mexico continues to rank high nationally for vaccine distribution.

Covid-19	FY21 Target	FY21 Actual
Covid-19 swab tests performed	N/A	519,886
Hours between the time a case is identified and when the case is contacted by Epidemiology and Response Division to isolate	24	25
Hours between the time a case contact is identified and when the case contact is contacted by Epidemiology and Response Division to quarantine	36	29
Facility admissions (and hospital readmissions) having two verified Covid-19 negative tests	100%	72%
Staff tested for Covid-19	20%	100%
Patients/residents tested for Covid-19	25%	100%
Individuals receiving Home and Community-Based Services (HCBS) who have received a Covid-19 test	N/A	2,561/5,437 47%
Individuals receiving Home and Community-Based Services (HCBS) who are confirmed positive for Covid-19	N/A	5,907/7,894 75%
Covid-19 tests resulted within 48 hours of receipt in the laboratory	95%	94%
Individuals who have been fully vaccinated	N/A	57%

"Access to and availability of effective contraceptive methods contribute to the steady decrease in New Mexico's teen birth rate. The broad range of contraceptive methods, including IUDs and implants (most effective) and pills, injectable, and rings (moderately effective) is available at 41 of the 43 public health offices that offer family planning services. In December 2020, 34 Public Health Offices provided family planning services, due to Covid-19 response. Since 2014, the teen birth rate among 15-to-19-year-olds in New Mexico has declined by 34.8% to 24.4 per 1,000 in 2019 (NM IBIS) and is tied in 2018 for the seventh highest in the nation (at 25.2 per 1,000, with Tennessee and Texas) (National Center for Health Statistics)."

Source: Department of Health

Public Health Program

The Public Health Program continues to be a cornerstone of the state's response to the Covid-19 pandemic. Given the significant size of the program's response to the pandemic and statewide closures, the program has reported declining performance on tobacco cessation services and behavioral health in school-based health centers. For FY21, the program reported meeting performance targets for women and girls receiving the most-effective or moderately effective contraception, immunization of preschoolers, and participation in diabetes prevention programming. During the first quarter, DOH was unable to refer participants to diabetes prevention services but increased performance during the rest of the fiscal year. In 2018, an estimated 567 thousand New Mexican adults had prediabetes and only three out of 10 were aware of their condition, indicating they may not be receiving sufficient preventive care. The Centers for Disease Control and Prevention (CDC) states without weight loss and physical activity, 15 to 30 percent of prediabetics will develop diabetes within five years, but access to a services change program, can reduce that rate by nearly half.

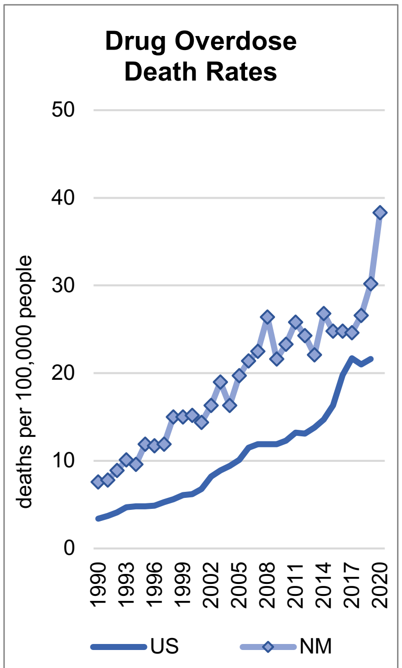
The most recent (2019) New Mexico youth cigarette smoking prevalence of 8.9 percent represents a historic low, but it is slightly higher than the national prevalence of 6 percent. Use of another tobacco product, e-cigarettes, however, increased from 24 percent (2017) to 34.7 percent (2019) and accounts for most of the tobacco use among youth.

Fentanyl and methamphetamine have surpassed heroin and prescription opioids as the leading causes of overdose deaths, contributing to 78 percent of those deaths in New Mexico in 2020.

Budget: $170,302.6 FTE: 775

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Adult cigarette smokers who access cessation services	2.7%	2.6%	2.9%	1.9%	R
Successful overdose reversals per client enrolled in the DOH Harm Reduction Program	3,446	3,444	3,000	2,572	R
Births to teens per 1,000 girlss ages 15-19	24,4	Not Reported	N/A	Not Reported*	R
Girls ages 15-19 seen in DOH public health offices who are provided the most-effective or moderately effective contraceptives	68.5%	85.8%	62.5%	88%	G
Teens that successfully complete teen pregnancy prevention programming	512	502	232	385	G
School-based health centers that demonstrate improvement in their primary care or behavioral healthcare focus area	86%	50%	95%	73%	R
Third-grade children who are considered obese	20.8%	22.9%	N/A	Not Reported*	R
Children in Healthy Kids, Healthy Communities with increased opportunities for healthy eating in public elementary schools	99%	97%	89%	Not Reported*	R
Participants in the National Diabetes Prevention Program who were referred by a healthcare provider through the agency-sponsored referral system	29%	27%	25%	63%	G
Preschoolers 19-35 months who are indicated as being fully immunized	69.9%	62.9%	65%	65%	G
Older adults who have ever been vaccinated against pneumococcal disease	71.6%	Not Reported	75%	Not Reported*	R
Program Rating	Y	Y			R

*Program did not report data.



Note: Preliminary estimate for 2018 national rate.

Source: DOH and CDC

Epidemiology and Response

The Epidemiology and Response Program (ERD) also plays a key role in the state's response to the pandemic, including case investigations of individuals who test positive for Covid-19 and contact tracing of individuals with direct exposure to Covid-19. The program did not meet a majority of performance targets.

Budget: $108,305.7 FTE: 204

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Youth sexually assaulted in the last 12 months	11.4%	11.4%	N/A	Not Reported	R
Youth who have completed an evidence-based or evidence-supported sexual assault primary prevention program	5,905	13,051	7,000	3,112	R
Suicide per 100 thousand population	24.1	Not Reported	N/A	Not Reported*	R

Community members trained in evidence-based suicide prevention programs	522	1,030	225	618	G
Hospitals with emergency-department-based self-harm secondary prevention program	New	2.5%	7%	2.5%	R
Alcohol-related deaths per 100 thousand population	73.8	Not Reported	N/A	Not Reported	R
Retail pharmacies that dispense naloxone	83%	95%	85%	88%	G
Opioid patients also prescribed benzodiazepines	12%	11%	5%	11%	R
Heat-related illness hospitalizations per 100,000 population	2.1	Not Reported	N/A	Not Reported	R
Cardiovascular disease (heart disease and stroke) deaths per 100 thousand population	203.7	Not Reported	N/A	Not Reported	R
Hospitals certified for stroke care	16%	14%	24%	20%	R
Rate of fall-related deaths per 100 thousand adults, age 65 years or older	91.6	Not Reported	N/A	Not Reported	R
Emergency-department-based secondary prevention of older adult fractures due to falls programs	Data not collected	5%	7%	0%	R
Pneumonia and influenza deaths per 100 thousand population	13.1	Not Reported	N/A	Not Reported	R
Cities and counties with access and functional needs plans that help prepare vulnerable populations for a public health emergency	New	5%	65%	65%	G
Avoidable hospitalizations per 100 thousand population	751	Not Reported	N/A	Not Reported	R
Program Rating	Y	Y			R

As of July 1, 2020, a newly created home-and-community-based services program was approved under a federal waiver. The supports waiver is an option for individuals on the developmental disabilities (DD) waiver wait list. Supports waiver services are intended to complement unpaid supports provided to individuals by family and others.

In the first quarter of FY21, the Developmental Disabilities Supports Division (DDSD) began providing offer letters to individuals on the DD waiver waiting list. Over 200 people have begun receiving services.

Scientific Laboratory

The Scientific Laboratory Program which provides a wide variety of laboratory services to programs operated by numerous partner agencies, provides a significant level of Covid-19 testing in the state. The program met all performance targets for the second quarter.

Budget: $16,963.1 FTE: 136

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Blood alcohol tests from driving-while-intoxicated cases completed and reported to law enforcement within 30 calendar days	44%	91%	95%	98%	G
Environmental samples for chemical contamination completed and reported to the submitting agency within 60 business days	91%	91%	90%	98%	G
Public health threat samples for communicable diseases and other threatening illnesses completed and reported to the submitting agency within published turnaround times	97%	97%	90%	99%	G
Program Rating	Y	Y			G

As of 2016, New Mexico has the 12th highest drug overdose death rate in the nation. The consequences of substance use are not limited to death but include many medical and social consequences, including poverty and lack of adequate insurance. Turquoise Lodge Hospital (TLH) is a specialty hospital that provides safety net services for New Mexican adults with substance use disorders.

According to the U.S. Centers of Disease Control and Prevention, for the year 2013, the average specialty hospital occupancy rate in the United States was 63 percent and in New Mexico the average rate was 56 percent.

Facilities Management

The global pandemic has impacted the intake and capcity of the facilities management program (FMD) which provides services for mental health, substance abuse, long-term care, and physical rehabilitation in both facility and community-based settings. Many of the state facilities with declining occupancy will also experience significant operational funding strains if they are unable to reverse the trend. The Department of Health has projected an estimated operating deficit due to declining occupancy in the current fiscal year. Occupied beds fell to 55 percent in the third quarter, falling 25 percent below the previous fiscal year. In particular, the New Mexico Veterans' Home (NMVH) and the Behavioral Health Institute have seen significant occupancy declines. NMVH spent $16.9 million on operations in FY20, with total revenue of $14.1 million. Between July 2019 and December 2020, the average monthly census at NMVH was 109 individuals, with a high of 123 in July 2020 and a low of 69 in December 2020. The average monthly cost per patient over this period was $12.4 thousand and noticeably increased to $19 thousand when the census dropped in December 2020. New Mexico Medicaid data indicated the average cost per member Nursing Facility Private – Low Level of Care in 2020 was $4,738.

New Mexico has one of the highest suicide rates in the country. The state's Medical Advisory Team estimated the Covid-19 pandemic will likely exacerbate behavioral health issues and could lead to an increase in suicides. State agencies and the suicide prevention coalition should expand and use proven initiatives, including ensuring care is provided to those in crisis and that care continues after a crisis, increasing access to behavioral healthcare through telehealth, and expanding gatekeeper training. Finally, the Legislature could enact laws to restrict access to lethal means and to strengthen best practices for the coalition and strategic plan.

Budget: $151,277.2 FTE: 2,003

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Eligible third-party revenue collected at all agency facilities	83%	81%	93%	92%	G
Beds occupied	New	New	75%	58%	R
Overtime hours worked	New	New	387,000	706,714	R
Direct care contracted hours	New	New	N/A	167,479	
Significant medication errors per 100 patients	2.4	.2	2.0	.6	G
Long-term care residents experiencing one or more falls with major injury	3.9%	5.3%	4%	4%	G
Long-term Veterans' Home residents experiencing facility acquired pressure injuries	.8%	4.4%	2%	4.4%	R
Adolescent residents in (SATC & NMBHI Care Unit) who successfully complete program	78%	77%	90%	82%	Y
Priority request for treatment clients who are provided an admission appointment to Turquoise Lodge's program within two days	68%	66%	50%	70%	G
Medical detox occupancy at Turquoise Lodge Hospital	83%	68%	75%	70%	R
Naltrexone initiations on alcohol use disorders	New	New	360	194	R
Naltrexone initiations on opioid use disorders	New	New	12	2	R
Buprenorphine inductions conducted or conducted after referrals on opioid use disorders	New	New	240	145	R
Naloxone kits distributed or prescribed	New	New	180	231	G
Program Rating	Y	Y			Y

Developmental Disabilities

DOH reported a decline in the number of individuals receiving services in the Developmental Disabilities (DD) and Mi Via Medicaid waivers programs. The program reported there were 4,646 individuals on the waiting list for waivers. Of those individuals, 486 have placed their allocation on hold, meaning these individuals were offered waiver services and chose to remain on the waiting list, for now. In FY21, the number of individuals on the waiting list decreased. As of July 2021, over 270 individuals accepted the community supports waiver and nearly 100 are receiving services. However, this enrollment is far less than the 1,000 expected. The slow enrollment of people on the waiting list for the community supports waiver and increased federal matching dollars have led to a significant projected surplus for the program.

Budget: $167,880.4 FTE: 182

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Individuals on the developmental disabilities' waiver waiting list	5,064	4,743	N/A	4,669	
Individuals receiving developmental disability waiver services	4,641	4,934	N/A	5,111	
Individuals receiving developmental disability supports waiver services	New	New	N/A	70	
People on the waiting list who are formally assessed once allocated to the developmental disabilities waivers programs	New	New	100%	100%	G
Developmental disabilities waiver applicants who have a service and budget in place within 90 days of income and clinical eligibility	87%	96%	95%	97%	G
Adults of working age 22 to 64 years, served on the developmental disabilities waiver (traditional or Mi Via) who receive employment supports	29%	29%	34%	18%	R
Developmental disabilities waiver providers in compliance with general events timely reporting requirements (two-day rule)	66%	84%	86%	83%	Y
Program Rating	Y	Y			Y

Health Certification, Licensing, and Oversight

The Health Certification, Licensing, and Oversight Program met a majority of performance measures targets for FY21. The program also administers many Covid-19-related activities, such as routine outreach to all nursing homes and assisted living facilities in the state in order to obtain information on how many staff and residents have been tested for Covid-19, test results, deaths, number of test kits available, and any issues with PPE and staffing.

Budget: $14,371.1 FTE: 183

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Abuse for developmental disability waiver and mi via waiver clients	10.6%	12.8%	N/A	5.5%	
Re-abuse for developmental disability waiver and mi via waiver clients	7%	8.5%	N/A	6.1%	
Abuse, neglect, and exploitation investigations completed within required timeframes	48.6%	81.7%	86%	96%	G
Investigations assigned by IMB initiated within required timelines	New	90.3%	86%	94%	G
Assisted living facilities in compliance with caregiver criminal history screenings requirements	New	77%	85%	94%	G
Nursing home survey citations upheld as valid when reviewed by the federal Centers of Medicare and Medicaid Services (CMS) and through informal dispute resolution	85%	83%	90%	48%	Y
Program Rating	Y	Y			G

Aging and Long-Term Services Department

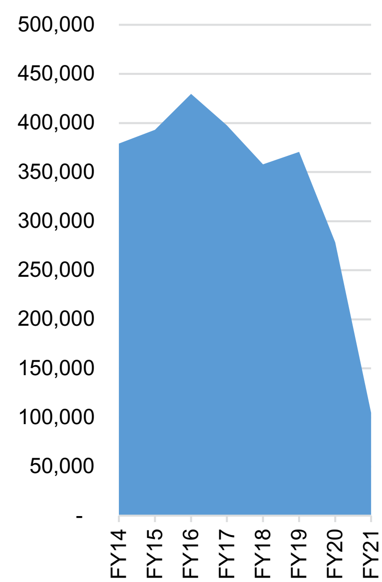
ACTION PLAN	
Submitted by agency?	Yes
Timeline assigned by agency?	Yes
Responsibility assigned?	Yes

The Aging and Long-Term Services Department (ALTSD) continued to miss a significant portion of its targets at the close of FY21 but did show some improvement. Its mission is to serve older adults and adults with disabilities so that they can remain active, age with dignity, be protected from abuse, neglect, and exploitation, and have equal access to healthcare.

Consumer and Elder Rights

During the second quarter, the Aging and Disability Resource Center (ADRC) began answering calls with a live operator again. The ADRC staff continued to work remotely but began taking live calls starting the middle of October 2020. At the close of FY21, ADRC received 9,356 calls, an average of 146 per day. This was down from the third quarter of 12,495 calls, an average of 202 per day. ALTSD reported the decline was due to the Aging and Disability Resource Center staff assisting the Department of Health in registering and scheduling appointments for Covid-19 vaccinations.

Caregiver Support Hours Provided



Source: ALTSD

Budget: $4,940.7 **FTE: 48**

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Calls to the aging and disability resource center answered by a live operator	79%	55%	90%	44%	R
Residents who remained in the community six-months following a nursing home care transition	84%	82%	90%	84%	R
Individuals provided short-term assistance who accessed service within 30 days of a referral from options counseling	New	New	89%	99%	G
Facilities visited monthly	New	New	40%	18%	R
Ombudsman complaints resolved within 60 days	97%	100%	97%	93%	Y
Program Rating	Y	R			Y

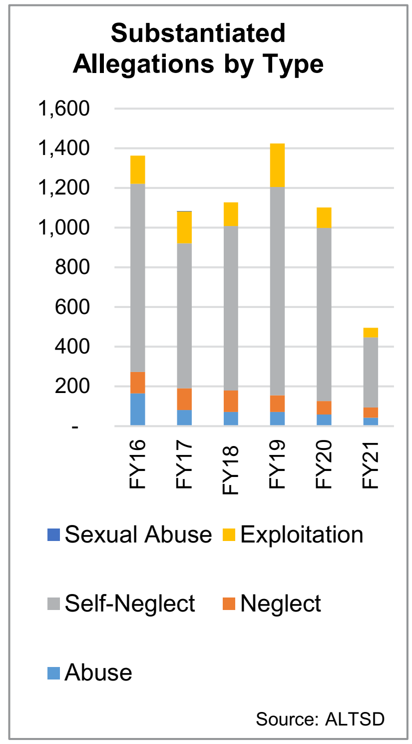
Adult Protective Services

The program began reporting repeat maltreatment substantiations within six months of a previous substantiation of abuse or neglect in FY21. This performance measure assists the state in assessing the effectiveness of the program in preventing maltreatment. At the close of FY21, repeat maltreatment declined; however, investigations also declined. The program met the performance target for priority investigations, making face-to-face contact quickly. The program is increasing outreach events. Previously, the department was providing outreach through virtual platforms but is now returning to a regionally based outreach approach. APS is presenting regularly on area agencies on aging calls, as well as other webinars to law enforcement agencies, district attorney's offices, hospitals, and the New Mexico State Bar.

Budget: $13,553.6 **FTE: 127**

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Adult Protective Services investigations of abuse, neglect, or exploitation	6,671	5,494	6,150	4,355	R
Emergency or priority one investigations in which a caseworker makes initial face-to-face contact with the alleged victim within prescribed timeframes	99%	99%	99%	99%	G

Repeat abuse, neglect, or exploitation cases within six months of a substantiation of an investigation	New	New	5%	3.7%	Y
Outreach presentations conducted in the community within Adult Protective Services' jurisdiction	New	205	141	132	Y
Referrals made to and enrollments in home care and adult daycare services as a result of an investigation of abuse, neglect, or exploitation	New	New	600	89	R
Priority two investigations in which a caseworker makes initial face-to-face contact with the alleged victim within prescribed time frame	New	95%	95%	99%	G
Program Rating	Y	R			Y

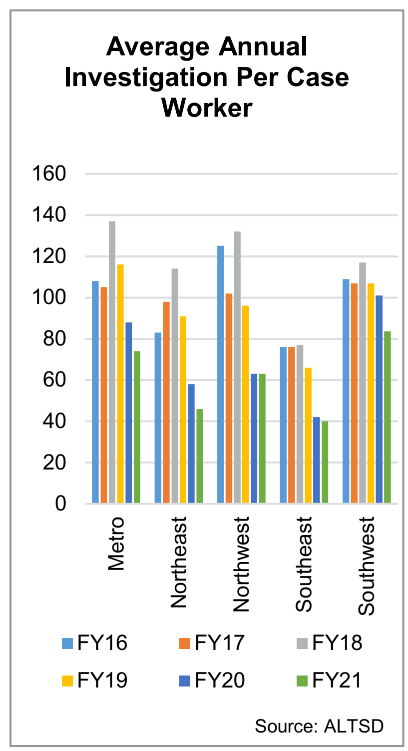


Aging Network

The Aging Network did not meet targeted performance for the hours of caregiver support for FY21 and continues to fall below previous fiscal years. Services included in this measure are home care, adult daycare, respite care, and counseling and support groups. These services are provided by area agencies on aging, contract providers, and the New Mexico chapter of the Alzheimer's Association. The agency reported the Covid-19 pandemic and executive emergency declarations closed adult daycare centers, and the remaining services were affected by the stay-at-home and social-distancing orders. The department reported the number of hours of caregiver support were 9,478 hours of respite care, 770 of adult day care, 7,554 hours of homemakers, and 3,786 hours of other support services.

Budget: $42,264.2 **FTE:** 14

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Older New Mexicans receiving congregate and home-delivered meals through Aging Network programs who are assessed with "high" nutritional risk	New	New	15%	16%	G
Outreach events and activities to identify, contact, and provide information about Aging Network services to potential Aging Network consumers who may be eligible to access senior services but are not currently accessing those services	New	New	50	1,135	G
Meals served in congregate and home-delivered meal settings	New	New	4,410,000	5,141,387	G
Transportation units provided	New	New	637,000	68,180	R
Hours of caregiver support	370,538	278,513	444,000	104,730	R
Program Rating	Y	R			Y



Corrections Department

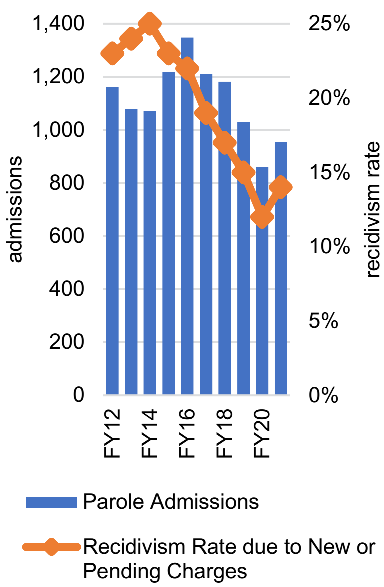
ACTION PLAN	
Submitted by agency?	Yes
Timeline assigned by agency?	No
Responsibility assigned?	No

Although the Corrections Department (NMCD) improved its performance in some key areas in FY21, persistent and unresolved errors in current and prior-year reporting have made it difficult to accurately understand the department's reported overall recidivism rate and recidivism rate due to technical parole violations for FY21 because they cannot be compared against prior years. Other available metrics, however, indicate recidivism increased in FY21. The department is currently conducting a full case-by-case review to identify and correct errors.

Although the department continues to submit improvement action plans for measures that fall below targets, these plans are generally nonspecific and do not include actionable steps toward improvement, provide timelines for implementation, or identify which units or personnel are responsible for carrying them out.

Inmate Population and Facility Usage. In FY21, New Mexico's inmate population averaged 6,051 (5,489 men and 561 women), a reduction of 11.5 percent compared with the FY21 average and 18.2 percent lower than the population high in FY16. The inmate population has continued to fall thus far in FY22, and in August the state's prisons held an average of 5,794 inmates (5,266 men and 528 women), a 0.6 percent decrease compared with July and a 7.2 percent decrease compared with August 2020.

Parolees Readmitted to Prison and Recidivism for New Offenses



Source: NMSC, LFC files

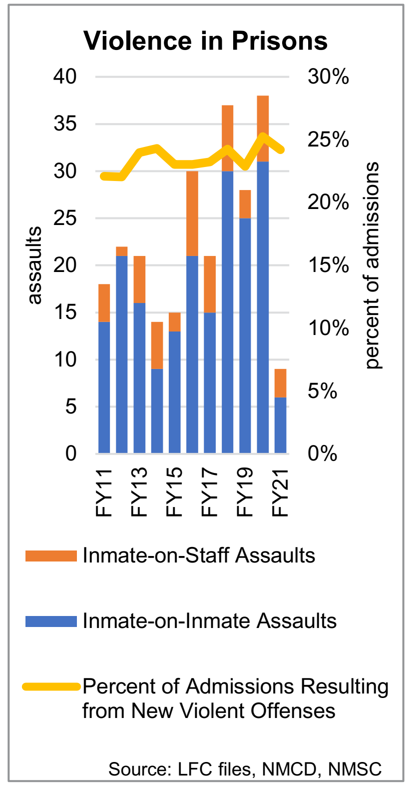
The Sentencing Commission (NMSC) released its prison population projection for FY22 through FY31, which anticipates small increases in prison populations over the coming years despite recent downward trends, based partially on older historical upward trends and on the commission's expectation that prison admissions will increase once court activity resumes after significant reductions during the Covid-19 pandemic. The commission projects an average prison population of 5,916 in FY22 and 5,964 in FY23, both lower than FY21's average of 6,051. For July 2021, the projection anticipated an average of 5,902 inmates would be incarcerated, 1.3 percent higher than the actual average incarcerated population of 5,828.

Despite significant population reductions providing an opportunity for the agency to consolidate its prison population, NMCD's plans to transition existing private prisons to public operation indicates it does not intend to do so. At the end of June, NMCD announced plans to transition Guadalupe County Correctional Facility (GCCF) in Santa Rosa from private to public operation by November. NMCD will lease the facility from Geo, but the costs of that lease have not yet been determined. In July, NMCD announced it would also be taking over operations at the privately run Northwest New Mexico Correctional Center in Grants and leasing the facility from CoreCivic, a transition the department also anticipates will happen by November of this year.

Inmate Management and Control

Prison Conditions. Prisons were notably less violent in FY21, with only six inmate-on-inmate assaults and three inmate-on-staff assaults severe enough to require outside medical treatment, compared with 31 and seven assaults, respectively, in FY20. Staffing levels at both public and private prisons, while still high, improved in FY21, with the vacancy rate among correctional officers falling from 31 percent in FY20 to 27 percent in FY21 at public facilities and from 46 percent to 25 percent at private facilities.

In August, NMCD reported 84 percent of facility staff and 90 percent of inmates had been vaccinated against Covid-19, a significant improvement in inmate vaccinations, which were 51 percent in May. In mid-September, there were nine active Covid-19 cases in state prisons. The department's medical vendor also significantly improved its outcomes over the course of FY21, meeting 100 percent of standard healthcare requirements in the third and fourth quarters of the year; although this measure fell below the target for FY21, its green rating reflects this improvement.



Recidivism. In the first quarter of FY21, NMCD reported its overall three-year recidivism rate had been reported incorrectly since 2016, due to a database error that erroneously counted all intakes to the parole system as prison admissions for purposes of calculating reincarceration rates. The agency has corrected this issue, but because it has not provided corrected historical data on this measure, it is unclear if FY21's recidivism results represent an increase or decrease from previous years' recidivism levels. NMCD reports it is working on recalculating annual results for its three-year recidivism rate measure but has not yet been able to provide results.

Additionally, NMCD reported in August that several prior years' performance reports had excluded absconders when calculating recidivism rates for technical parole violations, although the measure is defined to include absconders. The department included absconders in its FY21 reports but had not informed LFC of this change. As a result, FY21's 30 percent recidivism rate for technical violations cannot be compared with prior years' performance.

Although the agency's performance regarding overall recidivism and technical violation recidivism rates cannot be analyzed, the recidivism rate due to new or pending changes (which the department has not reported any issues with) and data from NMSC regarding parolees readmitted to prison for new offenses and technical violations indicate recidivism likely increased in FY21. The percent of prisoners reincarcerated within 36 months of release due to new or pending charges, which decreased every year between FY15 and FY20, increased 2 percentage points in FY21. Similarly, prison admissions of parolees fell every year between FY16 and FY20, but even as overall admissions dropped 14 percent between FY20 and FY21, the number of people who had their parole revoked increased 11 percent.

Budget: $299,283.7 **FTE: 2,044**

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Recidivism					
Prisoners reincarcerated within 36 months[1]	54%	54%	45%	44%	Y
Prisoners reincarcerated within 36 months due to new charges or pending charges	15%	12%	17%	14%	G
Sex offenders reincarcerated on a new sex offense conviction within 36 months of release on the previous sex offense conviction	1%	2%	15%	6%	G

Inmate Education and Programming

Although inmate participation in educational, cognitive, vocational, and college programs fell well below the target in FY21 as a result of the Covid-19 pandemic, it improved steadily over the course of the year, rising from 35 percent in the first quarter to 47 percent in the fourth. Similarly, while the number of inmates who earned a high school equivalency certificate fell in FY21 due to only 10 inmates earning a certificate in the third quarter, in the fourth quarter 31 inmates earned a certificate.

Residential drug abuse program graduates reincarcerated within 36 months of release*	28%	21%	N/A	22%	
Prison Violence					
Inmate-on-inmate assaults resulting in injury requiring off-site medical treatment	25	31	15	6	G
Inmate-on-staff assaults resulting in injury requiring off-site medical treatment.	3	7	0	3	Y
In-House Parole					
Release-eligible female inmates still incarcerated past their scheduled release date[2]	9.4%	7.7%	6%	0.6%	Y
Release-eligible male inmates still incarcerated past their scheduled release date[2]	9.3%	6.4%	6%	1.4%	Y
Staffing					
Vacancy rate of correctional officers in public facilities	25%	31%	20%	27%	R
Vacancy rate of correctional officers in private facilities	NEW	46%	20%	25%	R
Education					
Eligible inmates enrolled in educational, cognitive, vocational and college programs	76%	62%	68%	41%	R
Participating inmates who have completed adult basic education*[3]	78%	77%	N/A	5%	
Percent of eligible inmates who earn a high school equivalency credential[3]	78%	77%	80%	5%	Y
Number of inmates who earn a high school equivalency credential	139	134	150	118	Y
Health					
Standard healthcare requirements met by medical contract vendor	92%	87%	100%	90%	G
Random monthly drug tests administered to at least 10 percent of the inmate population that tests positive for drug use*	2.9%	2.5%	N/A	2%	
Program Rating	Y	R			Y

*Measure is classified as explanatory and does not have a target.

[1]In the first quarter of FY21, NMCD reported its overall three-year recidivism rate had been reported incorrectly since 2016, due to a database error that erroneously counted all intakes to the parole system as prison admissions for purposes of calculating reincarceration rates. The agency has corrected this issue, but because it has not provided corrected historical data on this measure, it is unclear if FY21's recidivism results represent an increase or decrease from previous years' recidivism levels. NMCD reports it is working on recalculating annual results for its three-year recidivism rate measure and but has not yet been able to provide results. The measure's yellow rating reflects these reporting issues and proxy metrics that suggest recidivism may be increasing.

[2]NMCD reported this measure had previously been miscalculated, changed the calculation for FY21, but did not provide corrected historic reports. LFC and DFA analysts believe NMCD's altered calculation is incorrect (the original calculation is correct) but NMCD has not yet revised its reports for FY21. NMCD has demonstrated that these recalculated measures represent significant improvements over prior years' results calculated in the same manner, meaning it is likely that the original calculation would also reflect improvement this quarter; for this reason, these measures are rated yellow.

[3]NMCD reported this measure had previously been miscalculated, changed the calculation for FY21, but did not provide corrected historic reports. Previously, these measures were both calculated as the pass rate of the high school equivalency test; now, they are both reported as the percent of inmates enrolled in adult basic education who pass the high school equivalency test and therefore earn the credential.

Community Offender Management

The Probation and Parole Division significantly reduced vacancy rates among probation and parole officers in FY21, dropping from a 25 percent vacancy rate in FY20 to just 16 percent in FY21. The average standard caseload for officers also improved this year and remained well below target. The percent of contacts per month made with high-risk offenders in the community remains high but fell below the target; NMCD notes new officers and vacancies impact this measure. The recidivism rates of the men's and women's recovery centers fluctuated significantly over the course of the year and failed to achieve the targets.

Budget: $40,010.2 **FTE: 380**

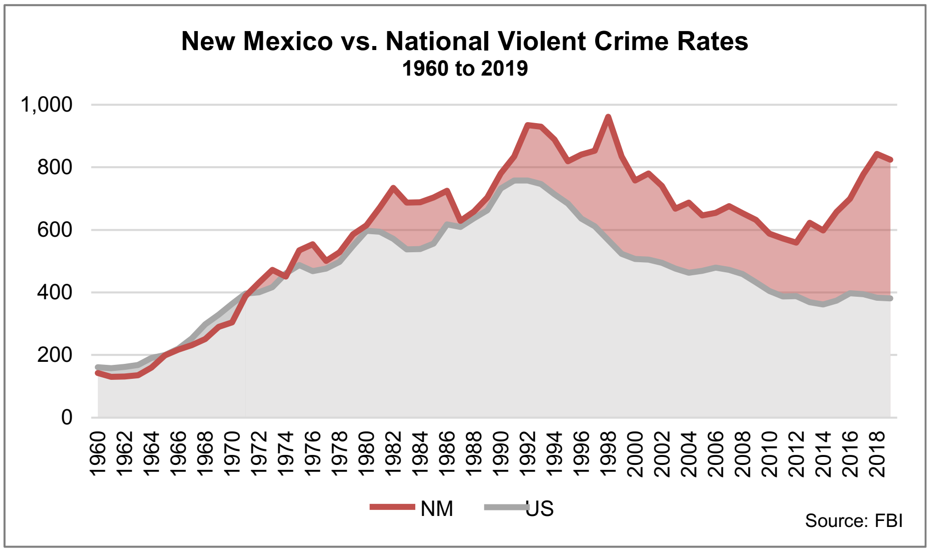
	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Prisoners reincarcerated within 36 months due to technical parole violations[1]	15%	13%	14%	30%	R
Graduates from the women's recovery center who are reincarcerated within 36 months	19%	25%	19%	27%	R
Graduates from the men's recovery center who are reincarcerated within 36 months	27%	23%	23%	28%	R
Average standard caseload per probation and parole officer	110	91	103	88	G
Contacts per month made with high-risk offenders in the community	98%	96%	97%	94%	Y
Vacancy rate of probation and parole officers	24%	25%	20%	16%	G
Program Rating	Y	Y			Y

[1]In August, NMCD reported several prior years' performance reports had excluded absconders when calculating recidivism rates for technical parole violations, although the measure is defined to include absconders. The department included absconders in its FY21 reports but had not informed LFC of this change. As a result, it is not possible to compare FY21's 30 percent recidivism rate for technical violations to prior years' performance, and it is not clear if this an increase or decrease. The measure's red rating reflects these reporting issues and proxy metrics, which suggest recidivism may be increasing.

Department of Public Safety

ACTION PLAN	
Submitted by agency?	Yes
Timeline assigned by agency?	No
Responsibility assigned?	No

Spikes in homicides across the country have garnered significant attention in 2020 and 2021, although some preliminary analyses suggest overall crime is still falling nationwide. While statewide crime data for New Mexico are not yet available, data from Albuquerque, which generally drives the state's crime rates, show similar trends. Because the Department of Public Safety (DPS) is still in the midst of transitioning to a new statewide crime reporting system, statewide data for 2020 and 2021 were not yet available at the time this report card was compiled. Completion of this transition, expected this fall, will provide more timely reporting and analysis of crime trends in the future.



The Albuquerque Police Department reports an overall reduction in crimes during the first half of 2021 compared with the past three years, with reported crimes 6 percent lower than the first half of 2020 and 9 percent lower than the first half of 2019. These trends are driven by a decrease in property crime, down and have fallen 9 percent compared with the first half of 2020 and 13 percent compared with the first half of 2019. However, crimes against people (which include assault, homicide, human trafficking, kidnapping, and sex offenses) increased slightly (1 percent) in the first half of 2021 compared with the first half of 2020 and were 2 percent higher than the first half of 2019. Notably, aggravated assaults increased 9 percent in the first half of 2021 compared with 2020 and were up 17 percent compared with the first half of 2019; homicides in the first half of 2021 (which total 78) were 86 percent higher than the first half of 2020 and 63 percent higher than the first half of 2019.

State Police FY21 Statistics

76% homicide clearance rate

7,424 cases investigated

2,017 felony arrests

4,827 misdemeanor arrests

128 crime scenes investigated

326 stolen vehicles recovered

This summer, the executive deployed 35 New Mexico State Police (NMSP) officers to Albuquerque to combat crime. In the first three weeks of the operation, state police reported it had issued a total of 1,513 citations and made 67 misdemeanor arrests, 93 felony arrests, and 21 DWI arrests, as well as recovered 13 stolen vehicles.

DPS's improvement action plans, particularly for the Law Enforcement Program, continue to focus on the impact of Covid-19 and the public health order on normal operations, without offering a plan or timeline for the resumption of normal operations and the improvement of the relevant metrics.

Law Enforcement

Enforcement Operations. The Law Enforcement Program's performance fell well below target on its key measures related to data-driven traffic enforcement, DWI saturation patrols and arrests, and commercial motor vehicle inspections.

While the agency significantly increased the number of DWI saturation patrols it conducted in the fourth quarter, it held fewer than half the number of data-driven traffic-related enforcement projects it held in the third quarter.

In addition to reduced proactive policing operations, state police also investigated 25 percent fewer cases in FY21 than in FY20, investigated 3 percent fewer crime scenes, and recovered 4 percent fewer stolen vehicles. NMSP cleared 13 homicide cases in FY21, three more than the 10 cleared in FY20, but because it also received seven more cases than the 10 received in FY20, the agency's homicide clearance rate dropped from 100 percent in FY20 to 76 percent in FY21.

Manpower. DPS reports an average vacancy rate among commissioned state police officers of 8.7 percent in FY21, down just slightly from the 8.8 percent vacancy rate in FY20. The agency ended FY21 with a personnel funding surplus of almost $2 million, most of which ($1.2 million) was in the Law Enforcement Program. Budgetary constraints resulting from Covid-19 solvency measures restricted state police to just one recruit school in FY21, which graduated 22 recruits out of 31 who started, a 71 percent graduation rate. State police plan to hold two recruit schools in FY22. DPS projects vacancy rates among state police officers to rise to an average of 11.1 percent in FY22, but the addition of graduates from the second recruit school in the fourth quarter is anticipated to raise force strength at the close of the year to 662, an increase from the close of FY21.

State Police Force Strength

Fiscal Year	Recruit and Lateral Officer Hires	Total Force Strength*
FY17	24	661
FY18	60	665
FY19	47	662
FY20	52	674
FY21	22	656

*Reflects force strength at the close of the fiscal year.

Source: Department of Public Safety

Budget: $128,755.9 **FTE: 1,093.3**

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Data-driven traffic-related enforcement projects held	3,308	2,851	3,500	2,575	R
DWI saturation patrols conducted	3,416	1,933	3,350	2,290	Y
DWI arrests	2,171	1,647	2,000	1,272	R
Commercial motor vehicle safety inspections conducted	95,041	68,378	95,000	76,269	Y
Commissioned state police officer vacancy rate*	N/A	8.8%	N/A	8.7%	
Commissioned state police officer turnover rate*	N/A	5.4%	N/A	6.4%	
Graduation rate of the New Mexico State Police recruit school*	68%	73.3%	N/A	71%	
Program Rating	G	G			Y

*Measure is classified as explanatory and does not have a target.

Officer-Involved Shooting Investigations

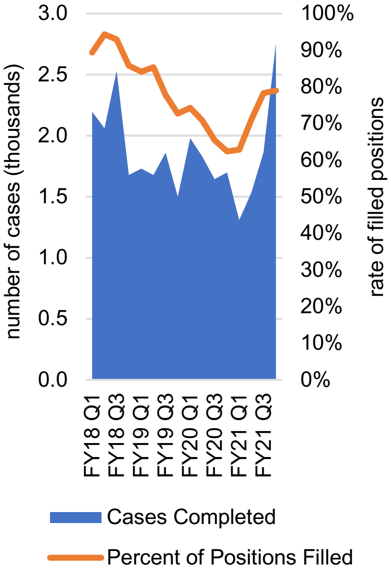
NMSP investigates most of the officer-involved shootings in the state, either as the sole investigating agency, the lead agency in a multi-agency task force, or a participating agency in a multi-agency task force. In FY21, state police were involved in the investigations of 48 of the 54 officer-involved shootings reported by New Mexico law enforcement agencies, including 11 of the 12 incidents involving NMSP officers. State police were also involved in the investigations of 23 of the 25 fatal shootings reported, including all four fatal shootings involving its officers.

Statewide Law Enforcement Support

Forensic Laboratory. Two of the department's forensic laboratory units exceeded their targets for FY21 and were able to reduce their case backlogs, while the Biology Unit came very close to meeting its target and reduced its case backlog in the third and fourth quarters. Each of these units also saw lower caseloads in FY21, and all units reduced their average vacancy rates over the year and ended FY21 with more staff than at the close of FY20.

Notably, after a significant drop in productivity in the fourth quarter of FY21, the Latent Print Unit had a case completion rate over 100 percent every quarter of FY21 and reduced its case backlog by 48 percent. This was likely possible due

Forensic Lab Case Completions vs. Percent of Positions Filled



Source: DPS, LFC files

to reduced caseloads this year (the unit received 31 percent fewer cases than in FY20) and the addition of two team members over the course of the year.

The Firearms and Toolmark Unit was the only unit to fall significantly short of its case completion target this year, but it was also the only unit that saw increased caseloads, which rose 43 percent compared with FY20. Although the unit's case completion rate was much lower than last year and fell well below target each quarter, in the fourth quarter the unit became fully staffed and more than doubled the number of cases it completed compared with the third quarter. The yellow rating for this metric reflects that improvement, which will hopefully continue in FY22.

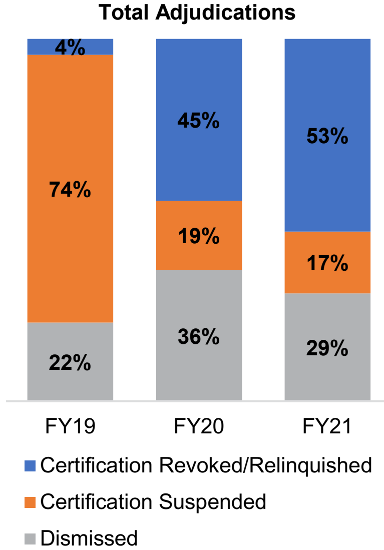
Department of Public Safety
FY21 Q4 Forensic Cases Received and Completed

Case Type	Cases Received	Cases Completed	Completion Rate	Pending Cases	Scientist/ Technician Vacancy Rate
Firearm and Toolmark	301	180	60%	1,668	0%
Latent Fingerprint	127	225	177%	243	17%
Chemistry	1,420	1,774	125%	3,527	23%
Biology and DNA	412	579	141%	1,456	18%

Source: Department of Public Safety

Law Enforcement Academy Board. The Law Enforcement Academy Board adjudicated 122 complaint cases against law enforcement officers statewide in FY21, more than triple the 34 cases it adjudicated in FY20. At the end of the fiscal year, there were only 64 cases open, about half the 123 cases open at the close of FY20.

Law Enforcement Academy Board Disciplinary Action
Outcomes as a Percent of Total Adjudications



Source: LFC analysis of LEAB meeting transcripts

As the Law Enforcement Academy Board has increased its adjudications in recent years, it has also become more likely to either revoke (or accept the voluntary surrender of) an officer's law enforcement certification or dismiss a case outright, rather than issuing suspensions. Seventy-four percent of cases in FY19 were resolved with a suspension, but by FY21, suspensions made up just 17 percent of adjudications. The majority of cases adjudicated in FY21 instead resulted in the officer losing certification.

Budget: $21,488.1 **FTE: 161**

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Forensic firearm and toolmark cases completed	67%	80%	90%	37%	Y
Forensic latent fingerprint cases completed	118%	65%	100%	150%	G
Forensic chemistry cases completed	65%	93%	90%	103%	G
Forensic biology and DNA cases completed	87%	73%	95%	93%	G
Program Rating	G	Y			G

Courts and Judicial Agencies

All criminal justice partners saw a significant decrease in cases in FY20 due to the Covid-19 pandemic, and though advocates and agencies feared FY21 would bring a sharp increase in "backlogged" cases, jury trials and caseloads for public defenders and prosecution attorneys remained low throughout FY21.

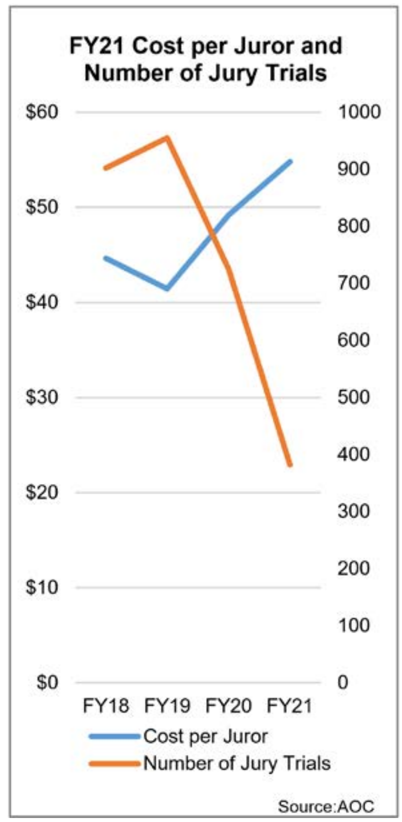
Since the district attorneys and the Public Defender Department joined the Administrative Office of the Courts (AOC) in a comprehensive report card format, the unequal reporting of data across the criminal justice system has become apparent. The courts have transitioned many measures to semi-annual reporting, reducing their reliability and value. District attorneys lack critical performance measurements, and have not provided action plans where outcomes are poor. The Public Defender Department has improved dramatically in the quality and consistency of reporting for in-house attorneys but continues to struggle with contract attorney reporting and outcomes.

ACTION PLAN	
Submitted by agency?	PDD and AOC
Timeline assigned by agency?	PDD and AOC
Responsibility assigned?	PDD and AOC

Courts

Administrative Support. AOC provided LFC and DFA with key indicators of a functioning justice system, such as time to disposition and clearance rates for courts, after failing to provide results for these measures for the last several quarters. While cases disposed as a percent of cases filed is above 100 percent, indicating courts are working to clear dockets more quickly than cases pile up, the average time to disposition for criminal cases was 207 days, and the age of active cases was 364 days, well above the national benchmark of 180 days, indicating courts struggle to provide timely justice.

The average cost per juror slightly exceeded the target for the first time since AOC centralized interpreter and jury management services, likely due to fewer in-person trials held at a higher cost. For example, to abide by public health orders and state Supreme Court rules for in-person trials, each juror must be provided individual packets with masks, pens, and sanitizer, and courts must be thoroughly cleaned daily and between juror sessions. The average interpreter cost per session continued to fall in FY21, but agency analysts warn the figure may be artificially low due to the continued drop in hearings. According to agency reporting, courts held fewer jury trials in FY21 than in FY20 and only a little more than half the trials held prepandemic.



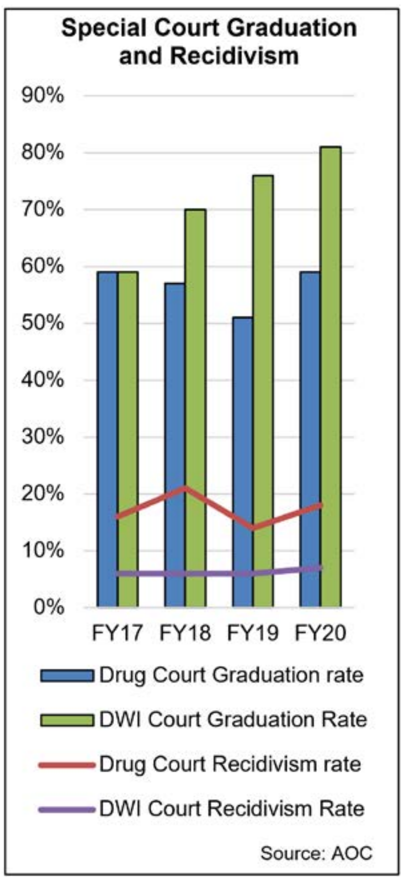
Budget: $13,169.1 **FTE: 49.8**

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Average cost per juror	$41.41	$49.17	$50.00	$54.82	G
Number of jury trials*	955	725	N/A	725	
District*	602	524	N/A	382	
Magistrate*	301	153	N/A	153	
Metropolitan*	52	48	N/A	13	
Average interpreter cost per session	$157.47	$117.07	$100.00	$63	G
Age of active pending criminal cases in days	NEW	NEW	180	364	R
Days to disposition in criminal cases	NEW	NEW	180	207	R
Cases disposed as a percent of cases filed	116%	123%	100%	135%	G
Program Rating	G	G			G

*Measure is classified as explanatory and does not have a target.

Additional Suggested Performance Measures for the Judiciary

- Appearance rate: percentage of supervised defendants who make all scheduled court appearances.
- Reoffenders: number (or percentage) of supervised defendants who are not charged with a new offense during the pretrial stage.
- Release success rate: percentage of released defendants who do not violate conditions of their release, appear for all scheduled court appearances, and are not charged with a new offense during pretrial supervision.
- Pretrial detainee length of stay: average length of stay in jail for pretrial detainees who are eligible by statute for pretrial release.



Special Court Services. Though the Legislature has prioritized treatment courts in the last several years, program outcome reporting lags at AOC. Program outcomes were only reported once in FY21 due to inconsistencies in data collection, case management, and filing practices across state courts. AOC received a $400 thousand special appropriation during the 2020 legislative session to purchase drug-court reporting software, now installed in 49 of the 53 special court programs, which will allow for better, more timely reporting in FY22.

Budget: $13,416.3 **FTE:** 6.5

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Cases to which CASA volunteers are assigned*	2,668	2,413	N/A	No Report	R
Monthly supervised child visitations and exchanges conducted	14.094	11,698	1,000	No Report	R
Average time to completed disposition in abuse and neglect cases, in days.*	84	85	N/A	No Report	R
Recidivism rate for drug-court participant	21%	14%	12%	No Report	R
Recidivism rate for DWI-court participants	6%	6%	12%	No Report	R
Graduation rate for drug-court participants*	57%	51%	N/A	No Report	R
Graduation rate for DWI-court participants*	70%	76%	N/A	No Report	R
Cost per client per day for all drug-court participants*	$23.25	$25.39	N/A	No Report	R
Program Rating	Y	Y			R

*Measure is classified as explanatory and does not have a target.

Statewide Judiciary Automation. AOC began reporting on new measures for the first quarter of FY20 to better gauge the success of the Statewide Judiciary Automation Program. Last year, complications with the Odyssey case management system caused times per service call to increase sharply. Previous targets, which measured call times in hours regardless of difficulty, were unattainable. The new measures track responses and resolutions to customer service requests in days, and AOC surpassed the targets for each quarter of FY21.

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Average time to resolve calls for assistance, in days	NEW	NEW	1	0.33	G
Program Rating					G

District Attorneys

The district attorneys submitted a unified priorities budget for the 2019 legislative session, highlighting common needs in prosecution offices across the state, which the Legislature largely funded. Despite the previous year's success, the Association of District Attorneys chose not to submit a unified priorities budget for FY21 or FY22, resulting in inconsistent requests across judicial districts. Additionally, the district attorneys were not able to validate four out of five total measures for FY21 in time for the publishing of this report card, further demonstrating the inability to cooperate with each other and the Administrative Office of the District Attorneys. The district attorneys adopted new performance measures for FY21 that examine elements of the agency's work outside of prosecution, such as pretrial detention motions and referrals to alternative sentencing treatments, but did not submit outcomes for the measures in the quarterly report, effectively blocking the Legislature from tracking criminal justice reform implementation in real-time.

Budget: $79,486.5 **FTE:954**

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Cases prosecuted of all cases referred for screening*	89%	87%	N/A	No Report	R
Average cases handled per attorney	312	264	185	205	G
Average time from filing to disposition for juveniles, months	4	4	1.75	No Report	R
Average time from filing to disposition for adults, in months	7	7	8	No Report	R
Average cases referred into preprosecution diversion programs*	NEW	287	N/A	No Report	R
Program Rating	Y	Y			R

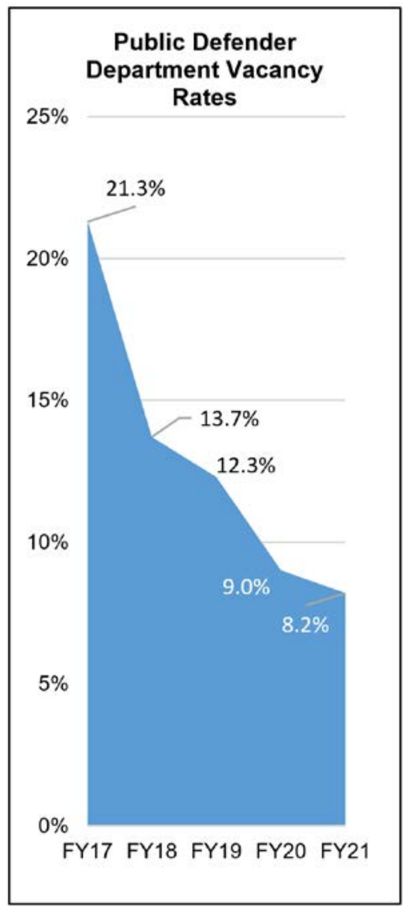
*Measure is classified as explanatory and does not have a target.

New FY21 Performance Measures for District Attorneys

- Detention motion success rate: proportion of pretrial detention motions granted.
- Detention motion rate: proportion of defendants who are motioned for detention.
- Detention motions: number of detention motions made.
- Conviction rate: proportion of cases that result in conviction of those that make it to trial.
- Alternative sentencing treatment: proportion of cases identified as eligible for alternative sentencing treatment.
- Alternative sentencing treatment offers: proportion of cases diverted to alternative sentencing treatment.

Public Defender

The Public Defender Department (PDD) transitioned to a new case management system at the end of FY19 that facilitates the production of robust quarterly reports, especially for in-house attorneys. Like other criminal justice partners, PDD has difficulties recruiting and retaining legal professionals in rural areas. PDD implemented geographical pay differentials and expanded recruitment tactics, decreasing the agency vacancy rate from 21 percent in FY17 to 8.2 percent for the fourth quarter of FY21 and significantly reducing attorney caseloads.



PDD did not meet the target for total reduced charges in felony, misdemeanor, and juvenile cases. According to the agency, this is largely due to the dramatic change in how the criminal justice system operated during the Covid-19 pandemic, where limited in-person contact decreased the ability of attorneys to effectively communicate with clients and increased the likelihood defendants accepted unfavorable plea deals for fear of contracting the virus in detention. Contract attorneys reduced originally filed charges in only 20 percent of assigned cases, according to data provided by PDD, which may be due in part to poor reporting practices and overwhelming caseloads.

PDD currently does not require contract attorneys to regularly close cases in the case management system, likely resulting in underreporting and contributing to poor outcomes for contract attorneys. PDD began a pilot program in 2019 to compensate contract attorneys hourly on designated cases, receiving additional funds in the 2020 legislative session and flexibility to use funds for the same purpose. Many of the early pilot cases will be resolved in FY21 and will provide data linking the compensation rate for contract attorneys and case outcomes. This data will be critical to the agency because 18 counties with no public defender office rely solely on contract attorneys.

Budget: $55,488 **FTE: 439**

	FY18 Actual	FY19 Actual	FY21 Target	FY21 Actual	Rating
Felony, misdemeanor, and juvenile cases resulting in a reduction of original formally filed charges	72%	63%	70%	48%	R
In-house attorneys	84%	78%	70%	51%	Y
Contract attorneys	31%	21%	70%	40%	R

Felony, misdemeanor, and juvenile cases resulting in alternative sentencing treatment	13,900	8,003	5,000	8,003	G
In-house attorneys	12,281	6956	4000	4,570	G
Contract attorneys	1,169	1,047	1000	1,742	G
Cases assigned to contract attorneys*	34%	35%	N/A	36%	
Average time to disposition for felonies, in days*	326	268	N/A	223	
In-house attorneys*	291	243	N/A	235	
Contract attorneys*	326	293	N/A	248	
Cases opened by Public Defender Department *	63,292	61,294	N/A	56,403	
In-house attorneys*	40,628	40,074	N/A	35,993	
Contract attorneys*	22,664	21,220	N/A	20,410	
Program Rating	G	G			G

*Measure is classified as explanatory and does not have a target.

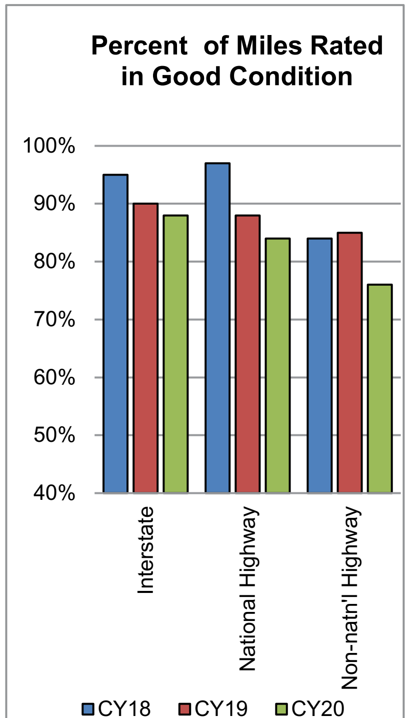
Department of Transportation

The Department of Transportation (NMDOT) reports that, despite challenges brought on by the Covid-19 pandemic, projects are being completed on time and maintenance activity has continued at a pace sufficient to meet performance targets. Traffic fatalities remain persistently high despite a decrease in alcohol-related fatalities.

ACTION PLAN	
Submitted by agency?	Yes
Timeline assigned by agency?	No
Responsibility assigned?	No

Project Design and Construction

To judge the performance of the department's project planning and execution, the Legislature tracks measures covering the ability of the department to plan and complete projects on time and within budget. The department has made progress in project preparation as reflected in improving performance on putting projects to bid on time. Once projects are bid, the vast majority of the projects are completed on time and within budget, with actual costs exceeding the budget by 1.8 percent, less than the target of 3 percent. This indicates the department is doing well in planning projects, estimating costs, and managing construction to complete construction on-time. In FY21, the department put 38 of 49 projects to bid according to schedule.



Source: NMDOT

Budget: $619,589.9 **FTE: 368**

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Projects put out for bid as scheduled	35%	75%	>67%	77%	G
Projects completed according to schedule	97%	92%	>88%	94%	G
Final cost-over-bid amount on highway construction projects	0.2%	1%	<3%	1.8%	G
Program Rating	Y	G			G

Highway Operations

Maintenance crews greatly exceeded the FY21 target for roadway preservation, completing 3,852 miles of pavement preservation, or 28 percent over the target level. Maintenance activity typically slows during the winter months because crews transition to cold-weather operations. However, a mild winter and an increase in nonrecurring funding provided by the Legislature allowed the department to significantly exceed the target in FY21.

Budget: $250,882.6 **FTE: 1,829**

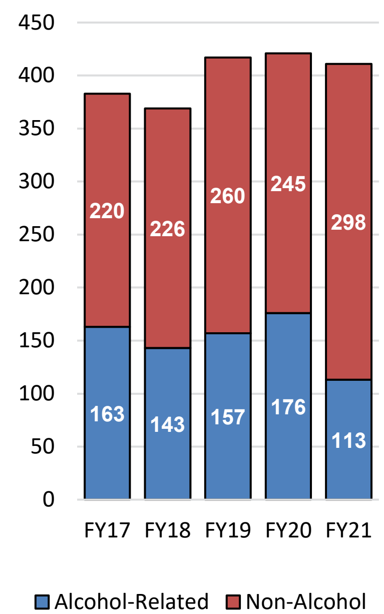
	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Statewide pavement miles preserved	3,143	3,970	>3,000	3,852	G
Bridges in fair condition or better, based on deck area	96%	96%	>90%	96%	G
Program Rating	G	G			G

NMDOT assesses all New Mexico roads each calendar year using a pavement condition rating (PCR) score to measure roadway condition. For 2020, road condition data shows New Mexico roadways deteriorated significantly from the prior year, with lane miles in deficient condition increasing 54 percent year-over-year.

A PCR score of 45 or less indicates a road in poor condition. In 2020, the average PCR score for the state was 54.9, down from 57.4 the prior year. The annual decline of 2.5 shows current funding is insufficient to maintain, let alone improve, the condition of New Mexico roadways. Additionally, because so many lane miles in fair condition have PCR scores less than 50, lane miles in poor condition will likely continue to see rapid growth without significant investment.

Between 2016 and 2020, the proportion of roadways in poor condition increased from 17.4 percent to 23.8 percent. However, road conditions vary significantly by district; in 2020, district two had the worst average condition with 28 percent or roads in poor condition while district six had the best condition with 10.2 percent of roads in poor condition.

Traffic Fatalities By Type



Source: NMDOT

2020 Road Condition Survey

	2017 Actual	2018 Actual	2019 Actual	2020 Target	2020 Actual	Rating
Interstate miles rated fair or better	93%	95%	90%	>90%	88%	Y
National highway system miles rated fair or better	89%	97%	88%	>86%	84%	Y
Non-national highway system miles rated fair or better	79%	84%	85%	>75%	76%	G
Lane miles in poor condition	4,606	3,783	4,420	<5,425	6,805	R
Program Rating	G	G	G			Y

Modal

Total fatalities were down 3 percent from FY20 but were still well in excess of the target. While alcohol-related fatalities fell significantly from the prior year, the data are preliminary and are often revised up as medical reports become available, making it difficult to draw conclusions from current year data. Park and Ride and Rail Runner service was curtailed in the first two quarters of FY21, but passenger service resumed in the third quarter. However, no return to office guidance has been issued and state employees continue working remotely, resulting in fewer passengers using transportation services. The Rail Runner received $63.9 million in federal funding through the Coronavirus Aid, Relief, and Economic Security and American Rescue Plan Acts.

Budget: $74,251.2 **FTE:** 126

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Traffic fatalities	417	424	<357	411	R
Alcohol-related traffic fatalities	157	176	<125	113	G
Non-alcohol-related traffic fatalities	260	248	<232	298	R
Occupants not wearing seatbelts in traffic fatalities	134	158	<133	171	R
Pedestrian fatalities	83	83	<72	76	Y
Riders on Park and Ride, in thousands	230	175	235	53.6	R
Riders on Rail Runner, in thousands*	761	516	N/A	40.9	
Program Rating	Y	R			R

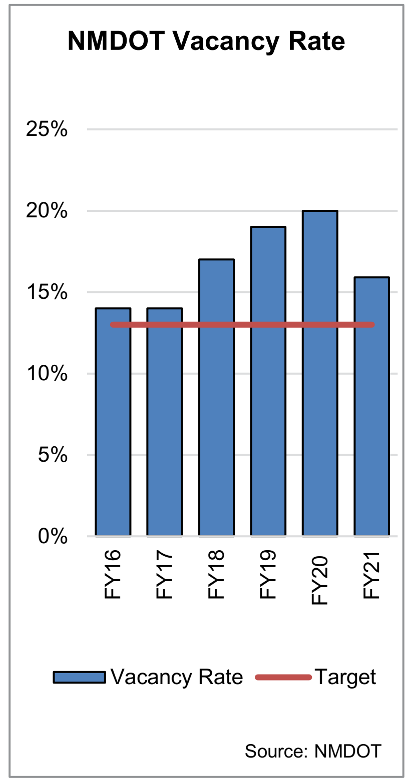
*Measure is classified as explanatory and does not have a target.

Program Support

The department received exemptions from the statewide hiring freeze and was able to lower the vacancy rate from 20 percent in FY20 to 16 percent at the close of FY21. The majority of positions were related to road maintenance. Worker injuries fell as a result of pandemic restrictions, which reduced the number of employees onsite.

Budget: $44,606.7 **FTE: 252.8**

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Vacancy rate in all programs	18.3%	20.4%	<13%	15.9%	Y
Employee injuries	72	54	<90	35	G
Invoices paid within 30 days	94%	93%	>90%	93%	G
Employee injuries occurring in work zones	27	13	<35	11	G
Program Rating	G	G			G

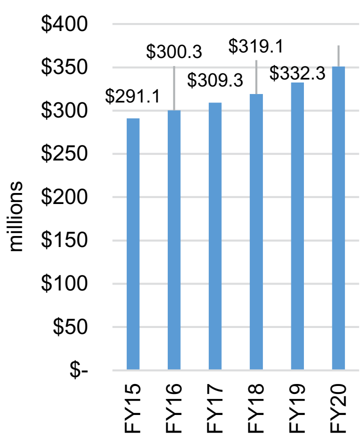


Department of Environment

ACTION PLAN

Submitted by agency?	Yes
Timeline assigned by agency?	No
Responsibility assigned?	No

Clean Water State Revolving Fund Ending Net Position
FY16 Through FY20



Source: State Auditor's Office

The performance of the Environment Department (NMED) continues to be mixed, with most below-target performance results associated with low inspection rates. Because these low rates are primarily associated with vacancies and the Covid-19 pandemic, LFC expects to see improved performance in FY22 resulting from significant budget increases to fill positions, as well as a return to normal operations. LFC staff will pay particular attention to how FY22 budget increases are implemented and the associated performance measures to ensure the Legislature's intent in providing the agency with additional funding is carried out.

Water Protection

Approximately 1.97 million New Mexicans receive their drinking water from community public water systems, and about 1.91 million, or an average of 97 percent, received water that met all health-based standards in FY21. However, NMED expressed concern this data point is misleading due to the reduction in onsite sanitary surveys conducted by the Drinking Water Bureau during the Covid-19 pandemic. Agency staff suspect they would have identified more health-based violations in FY21 had they been conducting inspections as usual. Furthermore, NMED was forced to reduce testing for drinking water contaminants due to the depletion of the water conservation fund, which derives revenue from fees on public water systems and supports the sampling and analysis of drinking water in small and rural communities. Legislation to increase this fee to keep up with program costs was vetoed by the governor, and as a result, additional services will be discontinued, potentially worsening water quality as communities struggle to afford the tests needed to identify contaminants.

Throughout most of FY21, on-site inspections of facilities operating under a groundwater discharge permit were suspended to prevent the spread of Covid-19. In the fourth quarter, as public health conditions improved, NMED conducted 33 inspections, bringing the FY21 total to 86, or about 19 percent of permitted facilities. Current fee revenue covers approximately 10 percent of the program's costs. NMED is petitioning for a permit fee increase to generate additional revenue that can be used to fund vacant positions, but likely not until FY23.

Through the CWSRF, local communities secure affordable financing for a wide range of projects. Communities benefit from CWSRF loans to finance essential wastewater, storm water, and solid waste projects at interest rates between 0 percent and 1 percent. These construction projects add revenue to local economies and improve quality of life through effective environmental infrastructure. The El Valle de Los Ranchos Water and Sanitation District in Taos County recently received national recognition for their successful project that provides sewer service to multiple small communities in place of substandard and failing septic systems and leach fields. The CWSRF program supported the multi-phase project through three loans totaling more than $4.5 million.

Budget: $27,520.1 **FTE:** 180.25

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Facilities operating under a groundwater discharge permit inspected annually	68%	47%	66%	19%	R
Population served by community water systems that meet health-based drinking water standards*	97%	99%	N/A	97%	
Number of miles of active watershed restoration, including wetlands projects, state-funded projects and federal Clean Water Act Section 319 projects*	564	560	N/A	530	
EPA clean water state revolving loan fund capitalization grant and matching state funds committed for wastewater infrastructure	100%	100%	100%	100%	G
Number of outreach efforts to promote available clean water state revolving loan funds to eligible recipients throughout the state	NEW	NEW	30	48	G

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Dollar amount of new loans made from the clean water state revolving fund, in millions*	NEW	NEW	N/A	$20.1	
Program Rating	G	Y			G

*Measure is classified as explanatory and does not have a target.

Resource Protection

Of the 3,025 underground storage tank systems at 1,149 regulated facilities across the state, 95 have outstanding violations that can threaten groundwater. In the fourth quarter, nine facilities cleared significant violations, achieving an annual average of 90 percent compliance. However, a very small number of facilities are actually being inspected. Due to the Covid-19 pandemic, inspections in FY21 were a small fraction of what they were in FY20. This issue resulted in a mediocre performance rating on the compliance measure despite the program meeting its target.

Nine solid waste or medical facilities were inspected in the fourth quarter of FY21, and one transfer station was cited for three substantial violations. The Solid Waste Bureau recently filled 2 FTE, which is expected to increase the number of inspections in FY22. In FY21, 23 of the 75 large quantity hazardous waste generators in the state were inspected; over the course of the year, only two were found to be in compliance with permit requirements. Although this is an explanatory measure and does not have a target, a rating was included to flag the low number of inspections. The FY22 general fund appropriation to NMED includes an increase of $200 thousand to fill inspector vacancies in this program. In the next fiscal year, LFC will monitor whether this investment coincides with an increase in inspections.

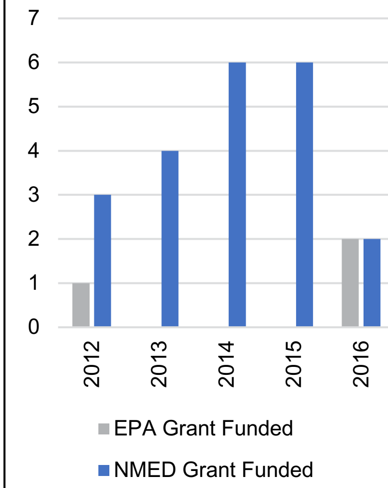
Budget: $15,275.9 **FTE:** 139.25

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Large quantity hazardous waste generators inspected and in compliance, cumulatively	39%	25%	N/A*	8.7%	R
Underground storage tank facilities compliant with release prevention and release detection requirements	86%	83%	90%	90%	Y
Solid waste facilities and infectious waste generators not in compliance with solid waste rules	5%	5%	5%	7%	Y
Obligated corrective action funds expended	14%	10%	N/A*	18%	
Program Rating	Y	Y			Y

*Measure is classified as explanatory and does not have a target.

Environmental Protection

The Environmental Protection Division, through its Food Program and Occupational Health and Safety Bureau (OHSB), was heavily involved in managing the Covid-19 public health emergency in FY21. The Food Program is responsible for protecting employees, consumers, and the public from adverse health and safety conditions in food establishments and, thus, enforces statewide restrictions on indoor dining per public health orders and provides guidance to food establishments on safely operating during the pandemic. OHSB is responsible for protecting employees of private industry and state, county,



A brownfield is a property whose expansion, redevelopment, or reuse may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant.

Source: (Chart): Environmental Council of the States. (Definition) Environmental Council of the States

The Petroleum Storage Tank Bureau is increasing outreach and assistance to the regulated community to help improve compliance with regulatory requirements for underground storage tanks. Staff report tank owners may still be learning about new regulations passed in 2018.

An estimated 905 leaking petroleum storage tanks throughout New Mexico require and are in various stages of corrective action and are potentially eligible for reimbursement from the corrective action fund. The program currently has $7 million worth of proposed cleanup work.

Occupational Health and Safety Bureau Performance

Metric	Occurrence	OHSB Performance
Complaints by employees of unsafe working conditions	600 per year	Response rate: 33%
Occupational fatalities	10-20 per year	Response rate: 50%
Amputation, Burns, Chemical Exposures, Crushing, Traumatic Injuries/Organ Failure, etc.	2,000+ per year	Response rate: 1%
Investigation Completion Benchmark		**OHSB Performance**
Federally mandated investigation timeframe	40 days	Investigation timeframe: 120 days

and city governments from workplace hazards. As a result, OHSB led the majority of the state's rapid responses, which ensure employers are following proper safety precautions to prevent the transmission of Covid-19 within their workplaces.

Overall in FY21, 134 serious workplace violations were identified and 120 were corrected by the deadlines set by OHSB, falling slightly short of the 97 percent target. Other significant issues within OHSB are not captured in the reported performance measures. For example, the agency reports that, due to personnel limitations, investigations into workplace fatalities and serious injuries are taking nearly three times as long as the U.S. Occupational Health and Safety Administration requires, delaying corrective action and putting the program's federal grant funding at risk. The General Appropriation Act of 2021 includes a general fund increase of $1.5 million to expand the capacity of OHSB to improve investigation timelines and response rates for complaints of unsafe working conditions, occupational injuries, and fatalities.

Ninety-nine percent of restaurant and food manufacturer priority violations were corrected within the timeframes specified by the Environmental Health Bureau. Priority violations indicate the highest level of risk for foodborne illness. The bureau has been conducting virtual inspections due to the additional demands created by the pandemic as well as limited resources for field staff. Ninety percent of days in FY21 had good or moderate air quality ratings, as measured by NMED's statewide network of ambient air quality monitors.

Budget: $26,251.2 **FTE:** 276.75

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Serious worker health and safety violations corrected within the designated timeframes	95%	94%	96%	90%	Y
Priority food-related violations from inspections corrected within the designated timeframes	100%	95%	100%	99%	G
Days with good or moderate air quality index rating*	87%	96%	N/A	91%	
Facilities taking corrective action to mitigate air quality violations within six months of violation	NEW	100%	100%	100%	G
Radiation-producing equipment in violation when inspected	NEW	NEW	<20%	0%	G
Program Rating	G	G			G

*Measure is classified as explanatory and does not have a target.

Energy, Minerals and Natural Resources Department

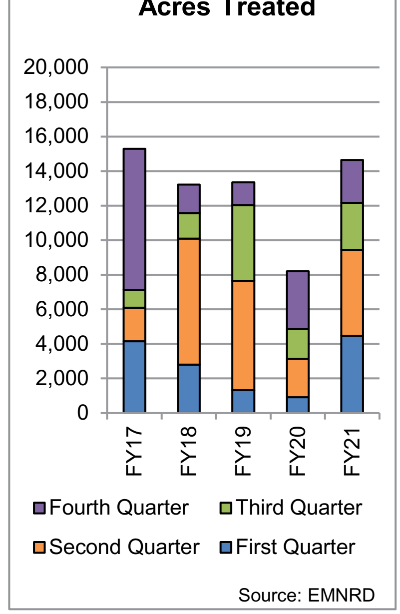
The Energy, Minerals and Natural Resources Department (EMNRD) pursued new initiatives in FY21 to improve performance in key areas, such as a modernization plan to increase State Parks visitation and a reorganization of the Oil and Gas Conservation Division (OCD) to address the agency's need to pay competitive salaries. The impact of these efforts, however, is yet to be seen. State parks have returned to normal operations following pandemic-related closures and capacity limits, but visitation continues to decline. Meanwhile, OCD inspections and abandoned well reclamations have not yet increased to meet expectations set by the program.

ACTION PLAN	
Submitted by agency?	Yes
Timeline assigned by agency?	No
Responsibility assigned?	No

Healthy Forests

The Covid-19 pandemic inhibited the operations and performance of the Healthy Forests Program, also known as the State Forestry Division (SFD), in the first half of FY21, placing the program behind schedule in meeting its firefighter training target. SFD amended contracts to develop and expand online classroom trainings, which led to an increase in the third quarter of FY21. However, trainings decreased in the fourth quarter due to a number of wildfires requiring initial attack early in the season.

The number of forest and watershed acres treated was also affected by Covid-19 in early FY21 because prescribed burns were canceled to comply with the public health order. Some forest thinning operations were also halted until contractors received clarification that natural resource extraction is an essential business and work could resume within the safety guidelines. Improving pandemic conditions, however, have allowed SFD to return to a more typical pace. Furthermore, the court-ordered injunction on treatments in Mexican spotted owl habitat, responsible for reduced treatment acres in FY20, was lifted, allowing SFD to move forward on high-priority U.S. Forest Service projects. Although third-quarter numbers were lower than quarters one and two, acres treated in FY21 have already exceeded the FY20 total and the program is on track to meet its target.



Forest and Watershed Acres Treated

Budget: $15,900.3 **FTE:** 77

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Nonfederal wildland firefighters provided training	1,454	1,229	1,500	1,066	Y
Acres treated in New Mexico's forest and watersheds	13,358	8,213	14,500	14,637	G
Program Rating	Y	Y			Y

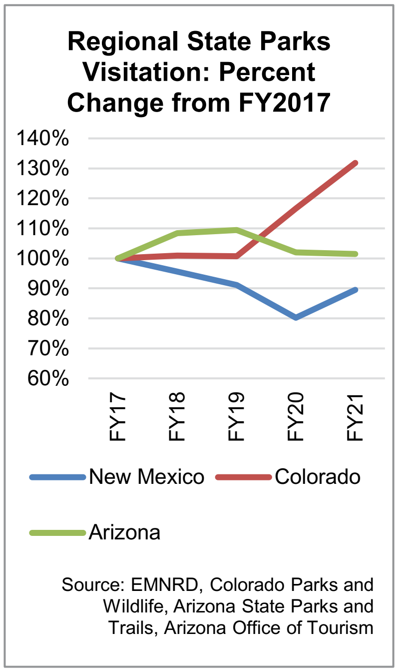
State Parks

For the first time in five years, state park visitation increased in FY21. Visitation was still lower than FY19 but by less than 2 percent, indicating at least a return to typical visitation after numbers dropped significantly due to the Covid-19 pandemic. Notably, despite severe drought conditions limiting opportunity for water recreation for most of the fourth quarter, visitation outperformed the fourth quarters of not only FY20, but FY19 and FY18 too. Self-generated revenue in the fourth quarter from day-use passes, camping permits, and annual passes also exceeded the revenue collected in the fourth quarters of the past three fiscal years. Still, total revenue and the average amount of revenue per visitor is still down compared with FY19 and FY20. The State Parks Division is recruiting for permanent and temporary employees to ensure adequate park services and management that support a positive visitor experience, but limited revenues may lead to additional deferred maintenance.

Budget: $28,160.6 **FTE:** 242.4

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Number of visitors to state parks, in millions*	4.5	3.9	N/A	4.4	G
Self-generated revenue per visitor, in dollars*	1.02	1.04	N/A	$0.65	
Program Rating	Y	Y			G

*Measure is classified as explanatory and does not have a target.



Mine Reclamation

The Mining Act and the Surface Mining Act require that mines obtain a permit, including an approved reclamation plan and financial assurance, that allows the state to complete reclamation if the company owning the mine fails to do so. At the end of FY21, 65 of the 66 mines managed by the program were in compliance with this requirement. The operator of the out-of-compliance mine has had its permit revoked and the agency is pursuing forfeiture of the financial assurance. Once the financial assurance is returned, the mine will be in compliance.

Budget: $8,229.1 **FTE:** 32

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Permitted mines with approved reclamation plans and adequate financial assurance posted to cover the cost of reclamation	100%	100%	97.5%	99%	G
Program Rating	G	G			G

Oil and Gas Conservation

The Oil and Gas Conservation Division (OCD) is engaged in a reorganization effort to address inconsistencies across district offices and streamline processes to improve compliance and enforcement. Performance data will help determine the effectiveness of the reorganization. Specifically, the agency expects the quality of inspections and compliance to increase as a result of the restructuring and aggressive hiring efforts.

The division approved 87.6 percent of drilling permits within 10 business days in FY21, allowing most operators to conduct business without unnecessary delays, but fell short of the measure target. Performance on this measure was significantly lower in the fourth quarter than in the rest of FY21–73 percent versus an average of 93 percent for the first three quarters–due to a large uptick in the number of applications for permit to drill. According to agency data, OCD staff approved 1,127 applications in the fourth quarter–a 201 percent increase in processing from quarter three.

OCD had a new procurement agreement for FY21 that allowed for additional approved well-plugging contractors, which substantially increased the number of wells plugged in FY21 relative to the past three fiscal years. The division was just one well short of meeting its annual target.

The Environmental Bureau of OCD has the additional responsibility of overseeing the Carlsbad brine well remediation project, which is not captured in the division's performance measures. The southern void has been stabilized but additional roof collapse was discovered in the northern portion of the cavern and additional filling material and work is needed to prevent potential groundwater contamination. A combination of special appropriations, local government contributions, and a transfer from the state road fund are covering the remaining costs.

The Oil Conservation Commission adopted natural gas waste reduction rules proposed by EMNRD to reduce methane and other greenhouse gas emissions from the oil and gas sector. The rule prohibits routine venting and flaring and requires operators to capture 98 percent of their natural gas waste by the end of 2026. Begininning in October 2021, the rule will require detailed reporting of natural gas loss from oil and gas production and midstream operations.

Budget: $13,148.7 **FTE:** 75

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Inspections of oil and gas wells and associated facilities showing compliance with permits and regulations	31,043	36,852	31,000	35,757	G
Application to drill permits approved within 10 business days	92.9%	94.6%	95%	87.6%	R
Abandoned oil and gas wells properly plugged	31	36	50	49	G
Violations issued*	1,620	2,176	N/A	3,174	
Program Rating	G	G			Y

*Measure is classified as explanatory and does not have a target.

Renewable Energy and Energy Efficiency

The purpose of the Renewable Energy and Energy Efficiency program, also called the Energy Conservation and Management Division (ECMD), is to develop and implement effective clean energy programs, renewable energy, energy efficiency and conservation, alternative transportation and fuels, and safe transportation of radioactive waste. ECMD also provides technical assistance and information to the renewable energy industry for ongoing, potential, and proposed projects.

ECMD administers six clean energy tax credit programs for renewable energy production, solar market development, sustainable buildings, agriculture biomass, biodiesel facilities, and ground-source heat pumps. Processing of applications slowed down significantly in the fourth quarter of FY21 despite the program receiving fewer applications than in previous quarters. ECMD reports the solar market development tax credit program has generated a strong interest in solar photovoltaic (PV) systems. This program generates the largest number of applications to ECMD and has issued roughly $5.2 million in tax credits, representing statewide investment in PV systems of about $51.7 million.

Budget: $3,460.4 **FTE:** 21

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Applications for clean energy tax credits reviewed within 30 days	90%	90%	90%	88%	Y
Number of clean energy projects to which the division provided information and technical assistance*	N/A	143	N/A	226	
Program Rating	G	G			Y

*Measure is classified as explanatory and does not have a target.

Office of the State Engineer

ACTION PLAN	
Submitted by agency?	No
Timeline assigned by agency?	No
Responsibility assigned?	No

The Office of the State Engineer has not made performance management a priority, as indicated by the lack of action plans submitted to improve performance on key measures and an ongoing reluctance to revise or introduce new performance metrics that more accurately capture the work and effectiveness of the agency's programs. Existing measures do not fully capture the agency's mission, and specifically, metrics on dam safety, New Mexico unit fund expenditures, and adjudications do not provide legislators or the public with clear, meaningful data on the agency's accomplishments. In order to determine which initiatives to invest in, appropriators need better information about how effective the agency currently is and how additional resources would change program performance.

Overall in FY21, the Office of the State Engineer (OSE) did not provide sufficient information regarding plans to improve performance or context for lagging metrics. Additionally, the agency has neither proposed nor accepted any new measures for FY23 that would gauge performance on new initiatives or better capture current programmatic effectiveness. Short-term extreme drought within New Mexico's decades-long "mega-drought" has continued to deepen. In 2021, the drought has become exceptional, the highest category of drought, in many parts of the state. These conditions combined with use demands resulted in reduced water deliveries to Elephant Butte Reservoir in 2021, increasing the state's accrued debit under the Rio Grande Compact. In addition, exceptional drought has led to the need for the Interstate Stream Commission (ISC), under the 2003 Pecos River Settlement, to pump its wellfields to increase supply for the Carlsbad Irrigation District (CID).

Experts warn the conditions exacerbating the region's long-term drought are likely the new normal. ISC has initiated an effort with the New Mexico Bureau of Geology and Mineral Resources, the New Mexico Water Resources Resource Institute, the U.S. Army Corps of Engineers, the New Mexico Water Dialogue, and others to provide science-based information to New Mexicans about the types of changes they should expect and decisions they can make as temperatures continue to increase. OSE is tasked with measuring and distributing available water efficiently, maximizing use of New Mexico's interstate stream apportionments to promote sustainability, and planning for the future water needs of residents and the environment. Significant issues for OSE and ISC in FY21 include continuing to address the extreme drought shortages using active water resource management, litigation with Texas over the Rio Grande Compact in the Lower Rio Grande, developing drought contingency plans for Colorado River water, changing direction on Arizona Water Settlement Act projects, and developing and implementing a water conservation and management pilot project for the Lower Rio Grande Basin.

Water Resource Allocation

The Water Resource Allocation Program (WRAP), responsible for administration, distribution, protection, conservation, and development of the state's surface water and groundwater resources, has an internal goal to keep the number of backlogged water rights permit applications under 500. It maintained this goal for half of FY21 but had exceeded it by the end of the year. The program did not meet the target for applications processed per month in any quarter of FY21, reportedly due to 35 vacant positions in the Water Rights Division and the need to investigate illegal water use complaints that are higher due to drought conditions.

Written notice of a dam's condition, including any deficiencies and potential issues, is a required component of dam safety inspections conducted by the Dam Safety Bureau in WRAP. The performance measure related to the number of these notices issued indicates the number of publicly owned dams with problematic inspection findings. OSE may want to reconsider the target for this measure, or whether this measure is valuable at all, becaise it currently implies a higher number of deficient dams is an indicator of success.

Budget: $14,913.6 **FTE:** 172

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Unprotested and unaggrieved water rights applications backlogged*	547	502	N/A	522	R
Unprotested water rights applications processed, per month	30	39	50	30.5	R
Transactions abstracted annually into the water administration resource system database	24,946	20,432	20,000	24,029	G
Notices issued to owners of publicly owned dams notifying them of deficiencies or issues	84	58	45	78	G
Program Rating	Y	Y			Y

*Measure is classified as explanatory and does not have a target.

Interstate Stream Compact Compliance

The Pecos River Compact report for water year 2020, issued on June 28, 2021, included an annual debit to New Mexico of 4,700 acre-feet, resulting in a cumulative Pecos River Compact credit of 161.6 thousand acre-feet. OSE attributes New Mexico's cumulative credit in large part to investments the state made in implementing the 2003 Pecos Settlement Agreement, such as purchasing water rights and constructing and operating two augmentation wellfields. The agency received a special appropriation of $1 million for this purpose for use in FY21-22. The Rio Grande Compact Commission reports New Mexico has an accrued debit of 96.3 thousand acre-feet. Ongoing drought conditions and the release and consumption of approximately 32 thousand acre-feet of retained debit water in the middle Rio Grande valley in 2020 reduced the state's compact deliveries and will likely increase the debit in the remainder of 2021.

Rio Grande Compact Article VII storage restrictions on post-1929 reservoirs have been in effect since mid-June 2020 and are expected to remain in effect for the foreseeable future. ISC and OSE are working with the Middle Rio Grande Conservancy District (MRGCD) on actions necessary to repay the accrued debit and minimize agricultural depletions in the future. The MRGCD delayed the start of its irrigation season by one month and has no native water in storage to supplement irrigation supplies. ISC staff are also working closely with federal water managers to ensure adherence to the state's mandatory river maintenance responsibilities, with water conveyance and compact deliveries being the top priority.

Budget: $11,896.3 **FTE:** 43

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Cumulative state-line delivery credit per the Pecos River Compact, in thousand acre-feet	170.8	166.3	>0	161.6	G
Cumulative delivery credit per the Rio Grande Compact, in thousand acre feet	5.4	-38.8	>0	-96.3	R
Cumulative New Mexico unit fund expenditures, in millions*	$14.83	$20.1	N/A	$22.1	
Program Rating	G	G			G

Litigation and Adjudication

The program's two measures track progress toward the completion of the adjudication of water rights in New Mexico. The measure "water rights that have

Publicly Owned Dams in Need of Rehabilitation: 10 Highest Priority Dams

Dam Name	Purpose	Estimated Rehab Cost
Cimarroncito Dam	Water Supply	$10M or more
San Mateo Dam	Irrigation	$3M or more
Fenton Lake Dam	Recreation, Wildlife	$8M or more
Eagle Nest Dam	Irrigation and Recreation	$1M or more
Nichols Dam	Water Supply	$3M
McClure Dam	Water Supply	$3M
Lake Maloya Dam	Water Supply	>$20M
Bluewater Dam	Irrigation	$10M or more
Alto Lake Dam	Water Supply	$10M or more
Lower Vallecito Dam	Irrigation	$7M-$8M

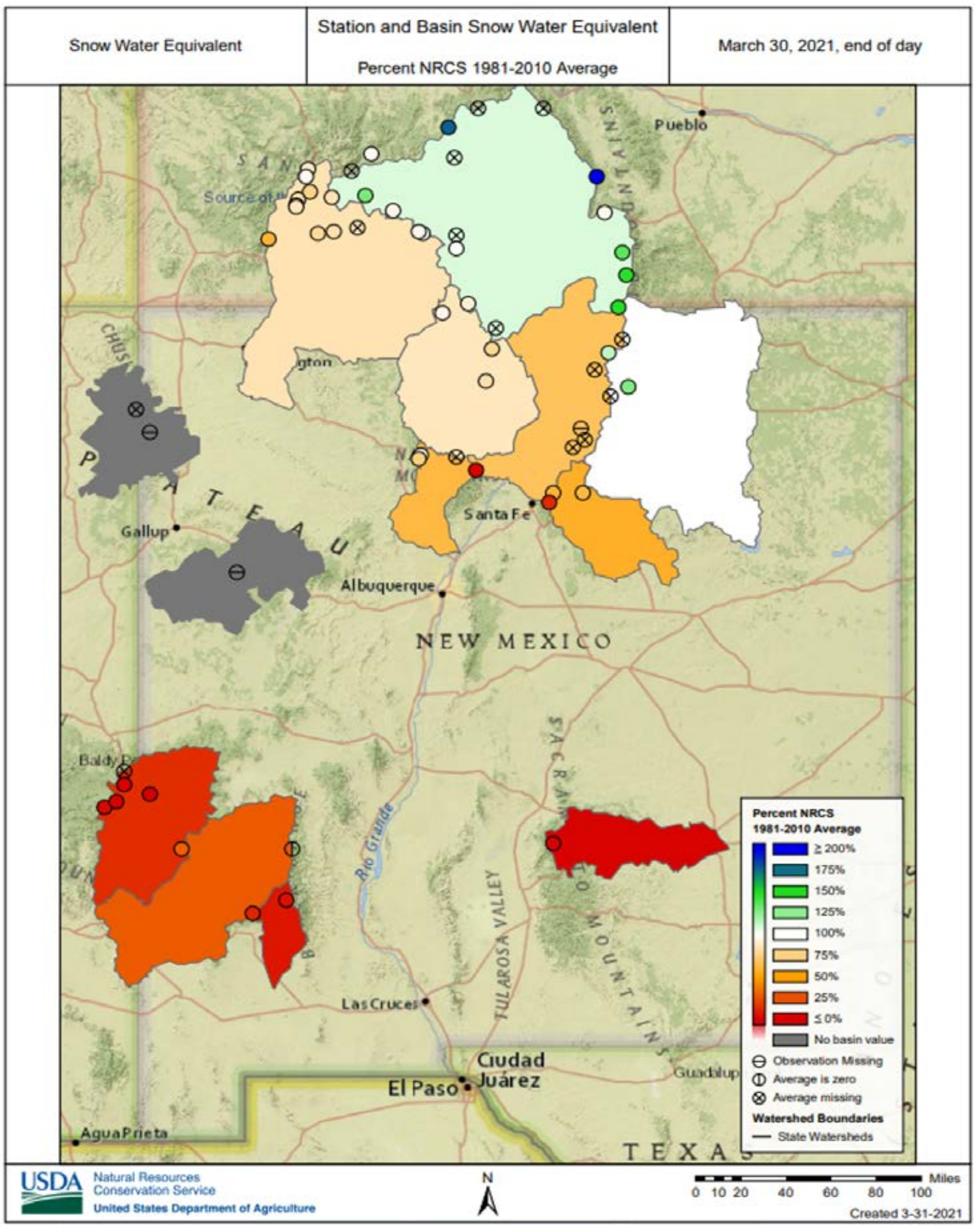
Source: OSE

The Dam Safety Bureau keeps a list of publicly owned dams in need of rehabilitation, ranked in priority order based on several factors. The list consists of 66 dams that are publicly owned, are of sufficient size to be regulated by OSE, are considered high-hazard potential dams, have auxiliary spillway capacity that is less than 70 percent of the regulatory requirement, and are deficient based on safety criteria with a condition rating of unsatisfactory, poor, or fair. The owners of the 10 dams above are either planning rehabilitation work and assembling funding or the dams are currently undergoing rehabilitation. State capital outlay funds are being used for four of these dams.

judicial determinations" represents the percentage of water rights that have been determined by court orders entered among all water rights adjudication suits to date. It is not expressed as a percentage of all water rights that have been and will be adjudicated in the future because that number cannot be accurately ascertained before adjudication suits are filed in the future for areas yet to be adjudicated. This measure is, therefore, affected not only by the ongoing entry of new judicial determinations, but also by the opening of new adjudication suits or sections of adjudications. Since FY19, the program has included data for water rights with judicial determinations in all closed and active adjudications to provide more meaningful data on the cumulative effect of adjudications.

Budget: $14,913.6 **FTE:** 172

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Offers to defendants in adjudications	456	444	325		G
Water rights that have judicial determinations	75%	76%	74%		G
Program Rating	G	G			G



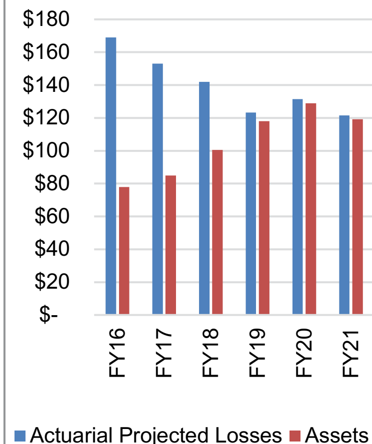
General Services Department

Operations of the General Services Department (GSD) continue to be affected by the Covid-19 pandemic, from volatility in health insurance claims payments to the ability of the agency to conduct scheduled preventive maintenance at state facilities. The department reports healthy fund balances in the risk programs but ended the year with a $17.3 million shortfall in the health benefits program and did not request increased premiums in FY23. The department will be challenged to contain costs and a number of new measures will be added for the Group Health Benefits Program in FY22, including nationally benchmarked measures comparable across public and private health plans. Improved performance reporting in the benefits program is vital as it will provide insight into cost drivers, care quality, and employee satisfaction with the benefits offered.

While the department included an improvement action plan in the quarterly report submitted to LFC, the plan did not assign timelines or responsibilities. Without these concrete steps, assessing the department's response to and effectiveness in addressing areas of concern is difficult.

ACTION PLAN	
Submitted by agency?	Yes
Timeline assigned by agency?	No
Responsibility assigned?	No

Assets vs. Actuarial Projected Losses for Major Risk Funds
(in millions)



Source: GSD and LFC Files

Risk Management

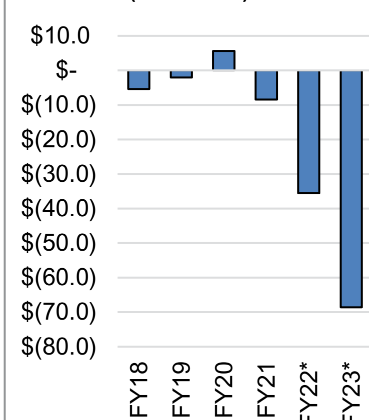
GSD reports the three largest risk funds have a combined balance of $119.2 million and liabilities of $121.5 million, for a total funded ratio of 98 percent, up from 46 percent in FY16. Since the fourth quarter of FY20, projected losses of the three funds fell by $9.8 million while assets fell by the same amount. The risk funds are in a strong financial position.

Budget: $9,086,700 **FTE: 56**

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Projected financial position of the public property fund*	581%	736%	N/A	523%	G
Projected financial position of the workers' compensation fund*	52%	60%	N/A	61%	G
Projected financial position of the public liability fund*	89%	103%	N/A	112%	G
Program Rating	G	G			G

*Measure is classified as explanatory and does not have a target.

GSD Health Benefits Fund
(in millions)



*Projected assuming no rate increase or COVID reimbursement from federal funds

Source: GSD

Group Health Benefits

The department reports per member per month (PMPM) costs increased by 5.9 percent in FY21. The increase in the PMPM cost was driven by increased healthcare utilization as medical services become more accessible as Covid-19 restrictions were eased. Despite the increase in service cost, health insurance rates were not raised for FY23 and the program closed FY21 with a deficit of $17.3 million. Appointments at the Stay Well Health Center are far below capacity, likely a result of telework options for state employees. The significant shortfall in the health benefits fund resulted in the program being rated red.

Budget: $385,187,700 **FTE: 0.0**

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
State group prescriptions filled with generic drugs	88%	87.2%	80%	86.5%	G

Change in average per member per month total healthcare cost	0.4%	-2.5%	<5%	5.9%	Y
Percent of available appointments filled at the Stay Well Health Center*	NEW	NEW	N/A	50%	
Eligible state employees purchasing state medical insurance*	NEW	NEW	N/A	81%	
Hospital readmissions for patients within 30 days of discharge*	NEW	NEW	N/A	TBD	
Program Rating	R	G			R

*Measure is classified as explanatory and does not have a target.

Facilities Management

The Facilities Management Division (FMD) is responsible for maintaining 2.4 million square feet of state-owned space and 2.1 million square feet of leased space. FMD is responsible for master planning functions to ensure agencies have the space required to fulfill their missions while maximizing the efficient use of state facilities. FMD is attempting to reduce the state's facility footprint, reflecting a smaller workforce. Additionally, GSD is working to move employees from leased space to state-owned facilities and reduce occupied square footage to account for telework. Efforts to consolidate state agencies and reduce leased space have been hampered by uncertainty about the future space needs of the state workforce.

FMD reports only 48 percent of scheduled preventive maintenance activities were completed on time because Covid-19 restrictions reduced staff ability to complete work. State agencies entered 10 new leases in FY21, six of which were exempted from the space standard. The other 10 met the 215 square foot per FTE space standard. FMD has a goal of conducting facility condition assessments on 20 percent of occupied, GSD-owned facilities per year. With approximately 750 facilities in the state, 150 assessments are needed per year. For FY21, FMD

Appropriations to GSD for Building Repair and Maintenance

FY20	$5,000,000
FY19	$1,500,000
FY18	$0
FY17	$4,000,000
FY16	$3,500,000
FY15	$0
FY14	$4,500,000
FY13	$500,000

Source: LFC Files

FY21 Leased and State-Owned Office Space by Square Foot and FTE
Top 10 Agencies by Space Utilization

Department	Leased Space	Rent	State-Owned Space	State-owned Space Per FTE (Target 215)	Total Space
Human Services Department	716,989	$17,045,290	61,456	415	778,445
Children, Youth & Families Department	419,432	$8,593,213	301,488	493	720,920
Department of Health	274,835	$4,315,346	245,776	362	520,611
Corrections Department*	73,273	1,386,037	299,424		372,697
Taxation and Revenue Department	184,566	$4,239,764	149,838	288	334,404
Department of Environment	120,490	$2,273,294	71,669	462	192,159
Workforce Solutions Department	25,163	$475,187	162,160	374	187,323
Department of Public Safety	63,007	$516,839	64,858		127,865
State Engineer	63,251	$924,009	37,885	209	101,136
Regulation and Licensing Department	24,188	$392,655	65,687	373	89,875
Total	1,965,193	$40,161,634	1,460,241	386	3,425,434

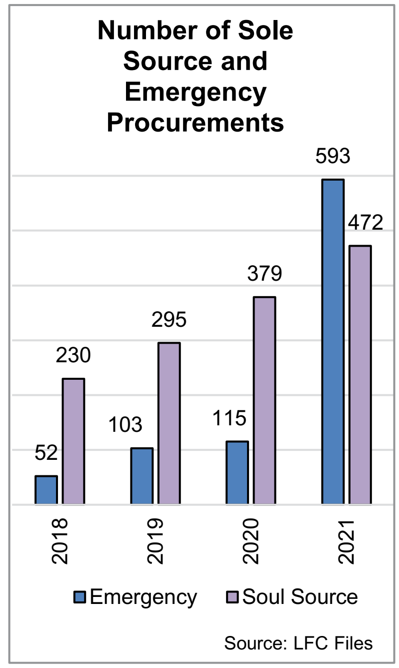
*Department not included in total FTE per leased square feet calculations because of special programmatic needs.

Source: GSD

conducted only one assessment at the State Veterans' Home. While FMD struggled to complete projects on time and was unable to meet the goal for assessments, the program is rated as yellow due to interruptions as a result of Covid-19 restrictions outside of the agency's control.

Budget: $15,036,300 **FTE: 141**

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Capital projects completed on schedule	98%	96%	97%	88%	Y
Preventive maintenance completed on time	57%	75%	95%	48.2%	R
New office leases meeting space standards	86%	93%	80%	100%	G
Program Rating	G	G			Y

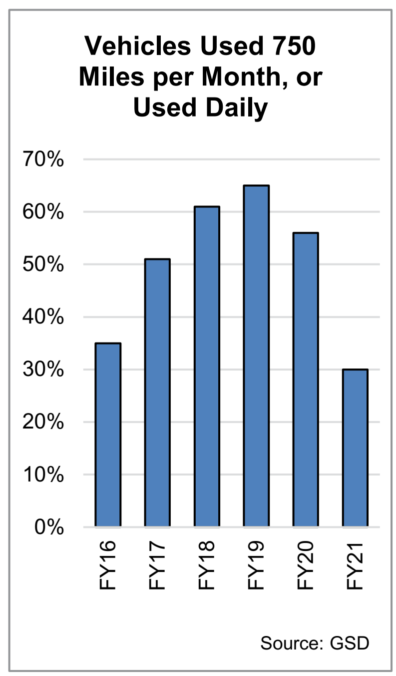


State Purchasing

The program reports professional service contract review took 8.1 days on average, down from 20 days in the first quarter but more than the target of five days. Of the 76 executive agencies, 73 had a procurement officer in the fourth quarter. The number of sole source and emergency procurements increased from 494 procurements in FY20 to 1,065 in FY21. While a number of emergency procurements related to Covid-19 response were made, they are just part of a multi-year trend of increasing non-competitive procurements in the state. In 2018, there were 282 emergency and sole source procurements; there were 494 in 2020.

Budget: $2,461,100 **FTE: 28**

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Procurement code violators receiving procurement code training, as compared with previous fiscal year	99%	113%	90%	64%	R
Agencies with certified procurement officers	91%	92%	95%	95%	G
Average number of days for completion of contract review	NEW	NEW	<5	8.1	Y
Program Rating	G	Y			G



Transportation Services

Vehicle use increased from 26 percent of the 1,925 vehicles in the GSD fleet being used daily in the first quarter to 44 percent in the fourth quarter. While the proportion of vehicles used 750 miles per month or daily is well below the target level, the program is rated yellow because the performance is directly related to Covid-19 related restrictions outside of agency control.

Budget: $9,590,600 **FTE: 33**

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Vehicle operational cost per mile	$0.49	$0.48	<$0.59	$0.49	G
Vehicles used 750 miles per month	65%	56%	70%	30%	R
Program Rating	G	Y			Y

State Printing

The State Printing Program continues to be adversely affected by the Covid-19 pandemic. The program generally orders materials in the first two quarters of the fiscal year and then invoices for printing in quarters three and four. However, orders have fallen because employees work remotely and printing for the legislative session was diminished. The program reported sales fell by 11 percent and the program experienced a loss of 0.6 percent for the year. The program is rated yellow as the poor performance was driven by factors outside agency control.

Budget: $2,030,300 **FTE: 9**

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Revenue exceeding expenditures	NEW	5%	5%	-0.6%	R
Sales growth in revenue	31%	8.6%	20%	-11%	R
Program Rating	G	Y			Y

State Personnel

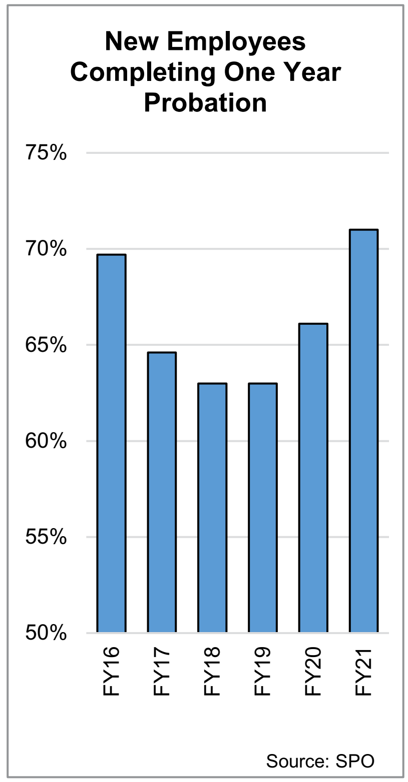
Despite the public health emergency, state government continued to provide services to citizens and the State Personnel Office (SPO) played an integral role, from helping agencies fill essential positions to providing telework policies to keep employees safe and productive. While SPO has released a voluntary telework policy, the agency has yet to offer updated guidance on return-to-work protocols.

The state operated under a hiring freeze through much of FY21. SPO reports 1,544 hires in FY21, down from the 2,962 reported in FY20. Though 71 percent of new hires completed the one-year probation period, more competition in the labor market may increase turnover. The classified service vacancy rate averaged 19.9 percent for the year, but the rate increased from 19.4 percent in the first quarter to 20.8 percent by the fourth quarter. Moving forward, SPO must closely monitor developments in the labor market to ensure the state remains a competitive employer.

SPO's quarterly report does not include information on salary competitiveness or turnover by job type, but measures of compa-ratio, or salary divided by midpoint of salary range, continue pointing to salary inadequacy. As SPO notes, "Employees in the general salary schedule have an average compa-ratio far above midpoint. This is a strong indicator that the general salary schedule is behind market." New hire employees are being brought in at 99 percent of midpoint while more tenured employees are receiving 103 percent of midpoint. This suggests the middle of the salary range has become entry level, and there is little room for employees to move through the salary range.

At SPO's request, a number of measures are classified as explanatory, meaning they do not have performance targets. However, ratings were given based, in part, on prior-year performance. No action plan was submitted with the quarterly report. SPO has committed to working with LFC and will provide metrics to monitor the state's competitiveness.

ACTION PLAN	
Submitted by agency?	No
Timeline assigned by agency?	No
Responsibility assigned?	No



Budget: $4,147.5 **FTE: 46**

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Classified service vacancy rate	19%	21%	N/A*	19.9%	Y
Average days to fill a position from the date of posting	50	56	N/A*	50.5	Y
Average state classified employee compa-ratio	103%	103%	100%	103.4%	R
Average state classified employee new-hire compa-ratio	99%	100%	N/A*	98.6%	Y
New employees who complete their first year of state service	63%	66%	N/A*	71%	Y
Classified employees voluntarily leaving state service	14%	12%	N/A*	13%	
Classified employees involuntarily leaving state service	1.2%	2%	N/A*	1.6%	
Number of hires external to state government	NEW	NEW	N/A*	1,996	Y
Program Rating	Y	Y			Y

*Measure is classified as explanatory and does not have a target.

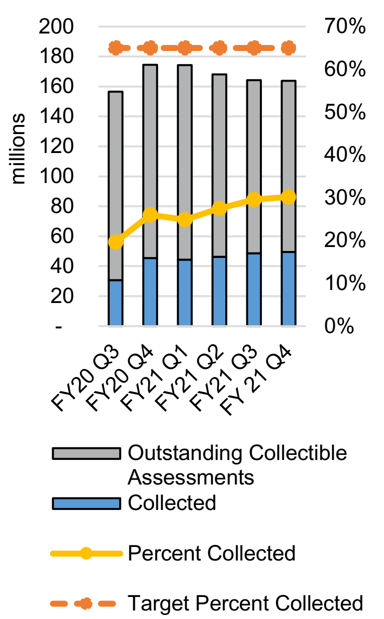
The salary schedules maintained by the State Personnel Office have not been updated sufficiently to keep up with the broader labor market, making state employment less competitive and creating difficulties in attracting and retaining workers.

Taxation and Revenue Department

ACTION PLAN	
Submitted by agency?	Yes
Timeline assigned by agency?	No
Responsibility assigned?	No

A recent LFC progress [report](#) estimated the state's tax gap, or tax dollars owed to the state but not paid, at approximately $743 million. This number has grown 17 percent in the last five years, partly because agency efforts have resulted in greater identification of owed taxes. Tax administration program expenditures grew by 11 percent, including new investments in IT tools, helping the agency increase auditing efficiencies. However, collecting unpaid taxes remains a challenge, in part due to high vacancy rates

Collections as a Percent of Collectible Audit Assessments



Source: TRD

The Taxation and Revenue Department (TRD) fell short of its FY21 targets for collections of outstanding balances and audit assessments but made improvements in collecting audit assessments, increasing its collection rate from approximately 20 percent to 30 percent over the past year. TRD cites better communication with taxpayers, a focus on collection of newer assessments, and use of a data analytics tool in improving performance.

The Motor Vehicle Division (MVD) resumed tracking of field office wait times, after over a year with no data. So far, average wait times–eight minutes in the fourth quarter–are better than expected, likely a result of an appointment-only model and increased availability of online services. Conversely, call center wait times averaged over 15 minutes, above the four-minute target, and MVD continues to struggle with call center vacancies amidst increased demand for phone services. The agency's overall vacancy rate fell to 23 percent, after a year of increasing.

TRD district offices and MVD offices are open at full capacity as of the end of FY21, by appointment only. The Property Tax Division has not held any property sales in over a year, citing difficulty in holding remote sales, and struggled with recovery of delinquent property taxes during FY21.

For FY21, the agency received $8.4 million for enhancements to its combined reporting in its tax administration software system, GenTax, including required tax changes.

TRD has an action plan to improve measure performance; however, many improvement steps are vague, and the action plan does not include timelines or assigned responsibilities. The agency should consider developing a more robust action plan with specific, actionable, and assigned steps.

Tax Administration

The Tax Administration Program fell short of collections targets in FY21, collecting just over 30 percent of collectible audit assessments during the fiscal year, short of its goal of maintaining collections at 65 percent. However, the program continues to make slow but steady progress on this measure, increasing collections by over 10 percentage points since the third quarter of FY20. The Audit and Compliance Division (ACD) attributes better performance to a data analytics tool it implemented in FY20 that identifies the most collectible audits, as well as expansion of its managed audit program. The agency intends to continue to promote and expand the managed audit program.

At the end of the fiscal year, the program had collected 17.6 percent of prior year outstanding balances of $963.3 million, short of its 23 percent target. ACD plans to focus its efforts on more recent assessments, which tend to be more collectible. The division also notes voluntary compliance is the most effective means of tax administration and collection, and it intends to improve communication with and education of taxpayers to increase voluntary compliance. The division also plans to issue a request for proposals for an analytics solution that would use both internal and external data to improve collections and compliance and decrease fraud.

Budget: $29,061 **FTE:** 470

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Collections as a percent of collectible outstanding balances from the end of the prior fiscal year	19.1%	19%	23%	17.6%	Y
Collections as a percent of collectible audit assessments generated in the current fiscal year	49%	26%	65%	30.3%	Y
Electronically filed personal income tax and combined reporting system returns*	88%	100%	N/A	90%	
Program Rating	Y	Y			Y

*Measure is classified as explanatory and does not have a target.

53%
Abandoned MVD Call Rate (in FY21 Q4)

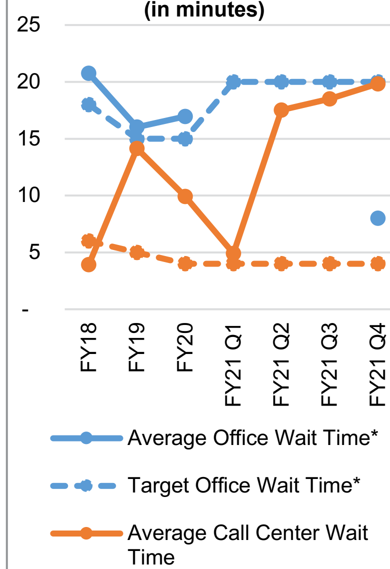
A new phone system allows more customers to wait on hold, but likely also contributes to a higher rate of abandoned calls

Motor Vehicle Division

In the fourth quarter of FY21, MVD once again began measuring field office wait times, after a year of no measurement. The average office wait time was eight minutes. MVD offices have reopened at 100 percent staff capacity but remain on an appointment-only basis. MVD cites benefits of the appointment-only model, including more predictable staff workloads, shorter wait times, and ability to spread out demand throughout the day and week. The agency's goal is to have same-day or next-day appointments available in all MVD offices, and it is focusing on filling vacancies in offices struggling with availability. At the same time, the division continues to expand online services, reducing demand for in-person services. Recent LFC reviews have found that most state offices have same-day or next-day availability. TRD does not collect wait-time data or quality data from private partner offices.

The average MVD call center wait time was over 15 minutes in FY21, above the target of 4 minutes. MVD has seen significant increases in call volumes during the Covid-19 pandemic. After five consecutive quarters of increases, call volumes were down slightly in the final quarter of FY21, to 128,121, and MVD expects call volumes to fall further as customers return to in-person appointments. In FY21, MVD changed the way it measures call times, using a weighted average based on volume of different call types. For example, MVD now weights English-language calls, which tend to have a longer wait time, more heavily, because they account for the majority of all calls. For FY22, the wait time target will be 10 minutes, likely better reflecting wait times based on the more accurate weighted measurement.

Average Wait Time in MVD Offices and MVD Call Centers
(in minutes)



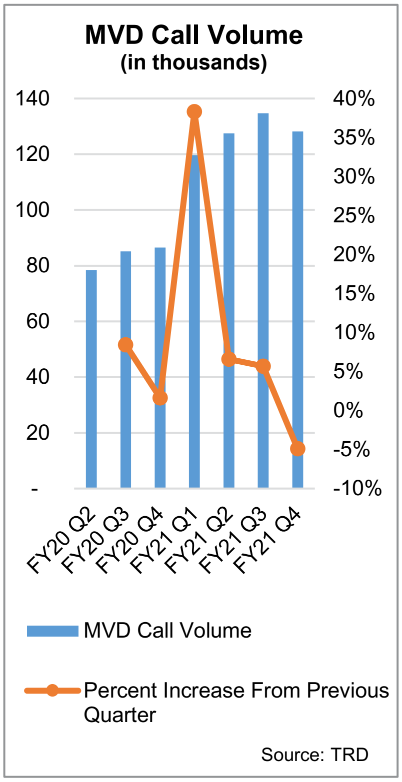
*Only MVD Qmatic equipped offices

Source: TRD Quarterly Reports

The share of registered vehicles with liability insurance continued to inch up, averaging 91.4 percent for FY21. As a result of ongoing challenges with late and erroneous reporting by insurers, MVD began working closely with the Office of Superintendent of Insurance, developing a process improvement plan and discussing potential penalties or other administrative action against offending insurers.

Budget: $36,712 **FTE:** 331

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Registered vehicles with liability insurance	90%	91%	93%	91.4%	Y
Average wait time in state MVD field offices, in minutes	16:01	16:29	<20:00	8:00	G
Average call center wait time to reach an agent, in minutes	14:09	3:55	<4:00	15:11	R
Program Rating	Y	Y			Y



A former TRD employee was indicted by a federal grand jury in Albuquerque for wire fraud, money laundering, and identify theft, after fraudulently altering tax refunds. TRD's Tax Fraud Investigations Division investigated the employee in 2018 and referred the case to the FBI. The case is being prosecuted by the U.S. Attorney's Office in Albuquerque.

Property Tax

The Property Tax Program collected and distributed a total of $8.2 million in delinquent property tax to counties in FY21, below its $13 million target, and collected 13 percent of total delinquent property taxes, below its 18 percent target. TRD notes it will start using new case management software in FY22 that will help title examiners expedite processing of delinquent properties on county delinquency lists.

Public sales of delinquent property have not taken place for the previous five quarters due to public health restrictions. TRD cited concerns related to legal due process as impediments to holding virtual property sales. However, TRD recently began scheduling public sales and lists five upcoming sales in September and October.

Budget: $4,287 **FTE:** 39

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Delinquent property tax collected and distributed to counties, in millions	$13	$10.4	$13	$8.2	Y
Percent of total delinquent property taxes recovered	21.2%	18.7%	18%	13%	Y
Dollar value of all delinquent property tax sales held, in thousands	$244.4	$435.6	$800	$0	R
Program Rating	G	Y			Y

Compliance Enforcement

The agency fell short of its FY21 target for referral of gross receipts, personal income, and corporate income tax investigations to prosecutors. During the fiscal year, TRD referred four of six opened cases to prosecutors, or 67 percent. The number of tax investigations opened annually is small, causing this measure to fluctuate significantly between quarters and years, at times going above 100 percent.

TRD reports the courts are experiencing continuing delays in scheduling hearings, due to the Covid-19 pandemic, and no tax fraud cases were prosecuted in the fourth quarter. Only one case was prosecuted–successfully–during FY21, leading to a 100 percent success rate.

Budget: $1,702 **FTE:** 21

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Tax investigations referred to prosecutors as a percent of total investigations assigned during the year	61%	114%	85%	67%	Y
Successful tax fraud prosecutions as a percent of total cases prosecuted*	100%	100%	N/A	100%	
Program Rating	R	G			Y

*Measure is explanatory and does not have a target

Program Support

The department exceeded its performance target in FY21 for the number of tax protest cases resolved, resolving 1,590 cases despite experiencing a lag in case closures in the second and third quarters due to reduced contract resources.

Overall, 69 cases, or 4.3 percent of total cases, resulted in a hearing, while the rest were resolved in other ways.

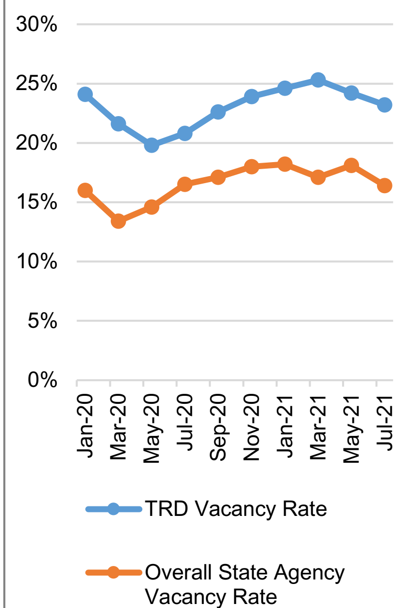
The department reported a figure of 100 percent for internal audit recommendations implemented, exceeding its annual target of 92 percent. The Internal Audit Division is engaged in documenting procedures for all of TRD and is counting completed internal controls as part of the performance measure on implementation of internal audit recommendations. The work of the internal audit team has shifted since FY19 to assist in business process improvement and supporting other divisions in identifying and documenting internal controls. These efforts reflect the result of previous audit findings on agency-wide lack of documented controls. TRD intends to build business process improvement capacity within its divisions, allowing the internal audit team to refocus its efforts on internal audits, while still providing support on internal controls. While business process improvement is an important agency-wide goal, it may not be the best measure of internal audit performance. TRD may wish to consider a separate performance measure to gauge progress on internal controls. In the fourth quarter, four audit recommendations and five internal control procedures were implemented.

TRD recently announced it had reached an agreement to settle a long-standing lawsuit brought by 44 counties and municipalities, which claimed the agency had improperly distributed gross receipts tax revenues to local governments prior to FY16. Under the agreement, the plaintiffs would share a one-time distribution of $50 million from the state; however, there are no details available yet on specific amounts for each local government.

$567.7 million

Dollar amount of taxes under protest as of June 2021

TRD and Overall Agency Vacancy Rate by Month



Source: SPO headcount reports

Budget: $21,077 **FTE:** 182

	FY19 Actual	FY20 Actual	FY21 Target	FY21 Actual	Rating
Tax protest cases resolved	1,003	1,744	1,550	1,590	G
Internal audit recommendations implemented	61%	95%	92%	100%	Y
Program Rating	R	Y			G

The status report for FY21 includes 11 key projects and one new program for a total cost of over $581 million, including $209 million for DoIT-led projects. Highlights include DoIT's statewide infrastructure replacement and enhancement (SWIRE) project which successfully closed out in June 2021 within budget. SWIRE upgraded equipment and infrastructure at 89 towers and replaced over 900 subscriber units (such as radios) statewide. The project transitioned into a maintenance lifecycle, which is included in DoIT's ongoing operational budget.

Other projects of note include the Human Services Department's (HSD) Medicaid management and information system replacement (MMISR) project ($346 million), HSD's child support enforcement system replacement (CSESR) project ($65.6 million), and the Children, Youth and Families Department's (CYFD) comprehensive child welfare information system project ($45.4 million), which all rely on some level of federal funding. The projects are pending federal approvals, however, which could put funding at risk and exacerbate project delays. These three projects are part of the larger HHS2020 initiative—an enterprise technology initiative to improve health and human services provisions in New Mexico—so changes to one project schedule or budget can negatively impact the other.

Medicaid Management Information System Replacement. HSD is replacing the agency's existing Medicaid management system, which is supported by a potential 90 percent federal funding participation match. However, the agency's most recent federal funding request to support the HHS2020 projects are still pending approvals, leaving an estimated $76.7 million at risk for the MMISR project. The project budget for MMISR has almost doubled since June 2015, growing by $172.9 million or roughly 99 percent from the initial approved budget. Now estimated to cost over $348 million, the state share totals roughly $22 million. In addition, a one-year delay in replacing a non-performing system integration vendor resulted in cascading impacts to the project schedule, causing a five year delay to implementation, now planned for 2026. HSD has currently spent over $125 million, constituting roughly 67 percent of all certified funding.

Comprehensive Child Welfare Information System. Because previous efforts had failed through the enterprise provider information and constituent services (EPICS) project, CYFD is again attempting to replace its legacy Family Automated Client Tracking System (FACTS) with a new, federally compliant child welfare information system. However, the CCWIS project ($45.4 million), has not been fully approved by federal partners. The lack of federal approval may put almost $28 million in budgeted federal funding for CCWIS at risk for FY21 and FY22. Additionally, as a result of recently reported MMISR delays, the CCWIS project may also be delayed due to required integration between the systems and the combined federal funding requests.

Child Support Enforcement System Replacement. The CSESR project will replace the current child support enforcement system to comply with state and federal requirements. The $65.6 million project, initiated in 2013, will integrate with other HSD enterprise systems as part of HHS2020. Originally meant to complete in 2019, the project schedule was extended through 2025 to accommodate integrations with MMISR, but further delays to MMISR and pending approvals from federal partners may make schedule delays worse for CSESR and other HHS2020 projects.

Broadband. New legislation in FY21 allocated about $111 million to a new Office of Broadband Access and Expansion, administratively attached to DoIT, and to the newly created Connect New Mexico Fund to fund broadband expansion projects statewide, not including other broadband funding allocated to other state and local entities. Because DoIT leads a pre-existing 2019 rural broadband project certified through the project certification committee, funded through a 2019 $10 million appropriation, the LFC will monitor and report on efforts for the state broadband program separately from the 2019 rural broadband project initiatives.

LFC report cards rate DoIT's 2019 rural broadband project yellow, as the trajectory of the project is unclear pending the creation of the new Office of Broadband Access and Expansion. The project shifted its focus to emergency connectivity in response to the Covid-19 pandemic but has not announced new projects for the remaining $2.5 million that is unencumbered from the $10 million appropriation. DoIT will provide a status of the project to the office once created to determine a path forward for managing the certified 2019 project alongside the programmatic efforts of the new office. As of August 2021, a director is not yet hired for the office and DoIT is unable to spend their newly allocated broadband funding until the position is filled, including $25 million for education technology initiatives from the Public Education Reform Fund and $500 thousand to DoIT for broadband staff. The delay in hiring and delays in submitting expenditure plans for available funding results in an overall red rating for the state broadband program under the new Office of Broadband Access and Expansion.

Project Status Legend

Green	Project is on track; scope, budget, schedule, and deliverables are being managed appropriately.
Yellow	Project has potential risk to scope, cost, schedule, or deliverables; independent verification and validation (IV&V), or LFC staff has identified one or more areas of concern needing improvement.
Red	Significant issues limit success of the project; high risks to scope, cost, schedule, or deliverables identified; management attention and corrective action needed; project did not meet business objectives.

INFORMATION TECHNOLOGY PROJECT STATUS

Agency	361	**Department of Information Technology (DoIT)**				
Project Name	**DoIT Statewide Infrastructure Replacement and Enhancement (SWIRE)**					
Project Description	Plan, design, purchase, and implement infrastructure for public safety communications statewide for improved communication equipment affecting emergency responders.					
Project Phase	Closeout	**Estimated Implementation Date:**		6/30/2018; revised 1/28/2021		
		Estimated Total Cost (in thousands)**:**		$14,299.4		
	State	**Federal**	**Total Available Funding**	**Spent to Date**	**Balance**	**% of Budget Expended**
In thousands	$14,300.0	$0.0	$14,300.0	$14,288.8	$11.2	99.9%
FY21 Rating	Q1	Q2	Q3	*CLOSEOUT RATING*	**Status**	
Budget	Green	Green	Green	Green	DoIT completed the project within budget and no additional funding is required because maintenance and operational costs are included in the agency's operational budget.	
Schedule	Green	Green	Green	Green	All deliverables have been completed and the project was certified for closeout in January 2021.	

Risk					All risks were appropriately managed and did not impact closeout certification.
Functionality					The SWIRE project provided infrastructure and equipment upgrades to 89 towers and replacement of over 900 of the 8,000 mobile and portable subscriber units, including infrastructure not in the initial project scope. While not all subscribers have access to the two-way radio system, which will be addressed in the P25 project, most upgrades completed during the project are expected to last 10 years or more, depending on the infrastructure category.
Overall					The project was certified for closeout in January 2021 and has transitioned into a maintenance lifecycle.

Agency	**361**	**Department of Information Technology (DoIT)**					
Project Name	**P25 Digital Statewide Public Safety Radio System Upgrade**						
Project Description	Upgrade and replace public safety radio equipment and systems with digital mobile communications for public safety organizations.						
Project Phase	Implementation		**Estimated Implementation Date:**			Phase II: 6/30/2022 Overall: 6/30/2027	
			Estimated Total Cost (in thousands):			$150,000.0; revised $170,000.0	
	State	**Federal**	**Total Available Funding**[1]	**Spent to Date**	**Balance**	**% of Budget Expended**	
In thousands	$28,300.7	$0.0	$28,300.7	$15,898.8	$12,401.9	56.2%	

FY21 Rating	Q1	Q2	Q3	Q4	**Status**
Budget					Of the available funding, $1.3 million is from the equipment replacement fund and an additional $9.5 million is available through FY22. DoIT reports $8 million in encumbrances and another $8 million that will be encumbered out of the project's 2021 appropriations after obtaining approval from the project certification committee.
Schedule					DoIT is making progress with available funding and the current phase is on track. About 400 radios for the Energy, Minerals, and Natural Resources Department (EMNRD) will be fully replaced as of July 2021, with deployment scheduled for August and anticipated completion in the second quarter of FY22.
Risk					Continued capital funding is not guaranteed for the project, posing risk. However, the project continues to make progress, with the imminent execution of the EMNRD state parks radios upgrade and progress on phase two resulting in an improved risk status despite budget constraints.
Overall					The project's large cost and reliance on capital appropriations poses the biggest risk, but current progress on phase two has resulted in improved risk status this quarter. A five-site expansion is underway, as well as negotiations with Motorola for Sandoval County, scheduled to start in the second quarter of FY22.

[1]Total available funding does not include an additional $9.5 million appropriated in Laws 2021.

Agency	361	Department of Information Technology (DoIT)					
Project Name	Enterprise Cybersecurity Upgrade (ECU)						
Project Description	To establish framework and foundation for the state's cybersecurity structure, including identifying tools for compliance monitoring and cybersecurity management, and implement an enterprise cybersecurity operations center system.						
Project Phase	Implementation		Estimated Implementation Date:		6/31/2023		
			Estimated Total Cost (in thousands):		$7,000.0		
	State	Federal	Total Available Funding[1]	Spent to Date	Balance	% of Budget Expended	
In thousands	$7,000.0	$0.0	$6,951.1	$3,588.8	$3,411.2	51.3%	
FY21 Rating	Q1	Q2	Q3	Q4	Status		
Budget					Just under $7 million is certified with over half spent to date. The project received additional general fund revenues for cybersecurity services for FY22 but the funds are not included in the total project budget because the funding is for operational purposes. DoIT plans to request recurring general fund revenue for FY23 to support the ongoing cyber program.		
Schedule					Monthly project reports from June note a planned implementation date of August 2022 but actual project activities are slated to finish when funding expires in June 2023. However, cybersecurity implementation is likely to be an ongoing program because there will be a continued need for cybersecurity operations and management after project closeout.		
Risk					In April, DoIT moved to a monthly vulnerability scanning (rather than quarterly) for the 45 onboarded agencies that were the highest risk to the state. Now, DoIT is working to onboard additional agencies. However, DoIT has yet to provide details regarding further implementation of a statewide cyber strategic plan.		
Overall					The functionality of the project includes operational tools, scanning, and implementation of vulnerability assessments to address cyber risks. There will be a need for ongoing cyber risk management after project closeout but the agency is making progress on staffing the program and establishing a security operations center needed to improve the state's cyber posture.		

[1]Total available funding includes an additional $6 million general fund appropriation through capital outlay in Laws 2019. $48.8 thousand was reverted and not reauthorized for the project.

Agency	361	Department of Information Technology (DoIT)	
Project Name	New Mexico Rural Broadband Project		
Project Description	Maximize availability of broadband connectivity across the state's rural areas.		
Project Phase	Implementation	Estimated Implementation Date:	6/30/2023
		Estimated Total Cost (in thousands):	$10,000.0

	State[1]	Federal	Total Available Funding	Spent to Date	Balance	% of Budget Expended	
In thousands	$10,000.0	$0.0	$10,000.0	$3,566.1	$6,433.9	35.7%	

FY21 Rating	Q1	Q2	Q3	Q4	Status
Budget					DoIT recently reconciled project spending, which resulted in higher reported project spending for this quarter than in previous quarters. DoIT now reports spending $3.5 million, or roughly $8.5 million, including encumbrances. However, additional funding appropriated in the 2021 legislative session is not accounted for in the $10 million total budget but will be monitored in a separate report on the state broadband program.
Schedule					The agency reports awarding a contract to Deloitte for assistance in planning buildout of broadband infrastructure across the state. The rural broadband project is estimated to complete in 2023 but DoIT's role in supporting broadband efforts statewide will continue beyond the scope of this project as the administrative support for the Office of Broadband Access and Expansion.
Risk					Improved budget status has decreased the overall project risk, but the project direction is unclear given the creation of the Office of Broadband Access and Expansion. Once the Governor hires staff for the office, DoIT will provide a status update on the project to determine a path forward.
Overall					The project is implementing the updated strategic plan and supporting pandemic broadband initiatives. Staff are also participating in advisory committee meetings with the Public School Facilities Authority. However, DoIT has not planned for further emergency connectivity projects or other specific initiatives for remaining funds due to the pending complete establishment of the new broadband office.

[1]Laws 2019 appropriated $10 million general fund through the capital outlay process.

Agency	**539**	**State Land Office (SLO)**	
Project Name	**ONGARD Replacement - Royalty Administration and Revenue Processing System (RAPS)**		
Project Description	Replacement of the Oil and Natural Gas Administration and Revenue Database (ONGARD) system. Replacement will be delivered in two separate systems: RAPS and the Taxation and Revenue Department's severance tax.		
Project Phase	Implementation	**Estimated Implementation Date:**	6/30/2020; revised 4/05/2022
		Estimated Total Cost (in thousands):	$10,000; revised $11,850.0

	State[1]	Federal	Total Available Funding	Spent to Date	Balance	% of Budget Expended	
In thousands	$11,850.0	$0.0	$11,850.0	$10,040.1	$1,809.9	84.7%	

FY21 Rating	Q1	Q2	Q3	Q4	Status
Budget					The total budget for implementation has been certified. Project funds include an extension of FY19 funding through the General Appropriation Acts and the project is currently within budget for the current phase.

Schedule					Phase one was successfully closed out in May 2021. Final implementation was revised and now estimated for April 2022. The current phase focuses on enhancing the system with modules not available in the old system, such as percent interest calculations and accounts payable/receivables for renewable energy leases.
Risk					The project is mitigating risk through an agile development approach, with frequent acceptance testing and prototyping of the system. The agency requires the business owner to sign off on each test to ensure quality and the staff are being trained on using and developing system modules.
Overall					Some risks remain related to resource constraints and potential long-term maintenance, but these risks are manageable and the project should meet full system functionality on closeout despite schedule delays.

[1]Laws 2018 appropriated an additional $5 million available for expenditure through FY20; the appropriation is from state lands maintenance fund.

Agency	**630**	**Human Services Department (HSD)**				
Project Name	**Child Support Enforcement System Replacement (CSESR)**					
Project Description	Replace the more than 20-year-old system with a flexible, user-friendly solution to enhance the department's ability to meet federal performance measures.					
Project Phase	Implementation	**Estimated Implementation Date:**		6/30/2024		
		Estimated Total Cost (in thousands)**:**		$65,581.9		
	State	**Federal**	**Total Available Funding[1]**	**Spent to Date**	**Balance**	**% of Budget Expended**
In thousands	$5,143.4	$13,384.3	$18,527.7	$14,947.8	$3,579.9	80.7%

FY21 Rating	Q1	Q2	Q3	Q4	**Status**
Budget					Reported spending increased this quarter due to previous delays in reporting. The agency reports planning for additional budget adjustments for the project and federal approvals for combined funding with the agency's Medicaid project and the Children, Youth and Families Department's child welfare project are still pending, putting funding at risk.
Schedule					Monthly project reports estimate completion in June 2024, however the independent verification and validation (IV&V) reports did not note a final estimated completion date. According to the agency, the project timeline has been changed to better align with the HHS2020 enterprise initiative, now spanning over eight years from initiation in 2013.
Risk					Organizational change management was identified as a project risk in reports by the IV&V vendor. Developer training is in progress and the agency decided to implement Cyberfusion services post-Go Live, which helped the project avoid additional delays.
Overall					Schedule and budget now pose the greatest risk. However, IV&V indicates the decision to implement Cyberfusion after Go-Live prevented additional delays. The agency is also preparing for an upcoming IRS audit taking place in 2021 to assess some system environments and components.

[1]Total available funding includes an additional $5.2 million appropriated in Laws 2019: $1.8 million general fund and $3.4 million federal.

Agency	630	Human Services Department (HSD)				
Project Name	**Medicaid Management Information System Replacement (MMISR)**					
Project Description	Replace current Medicaid management information system and supporting application, including Medicaid information technology architecture, to align with federal Centers for Medicare and Medicaid Services (CMS) requirements.					
Project Phase	Implementation	**Estimated Implementation Date:**	12/2021; revised 8/31/2026			
		Estimated Total Cost[1] (in thousands):	$211,805.6; revised $346,319.8			
$						
	State	**Federal**	**Total Available Funding[2]**	**Spent to Date**	**Balance**	**% of Budget Expended**
In thousands	$20,722.8	$185,352.3	$206,075.1	$125,878.0	$80,197.1	61.1%
FY21 Rating	Q1	Q2	Q3	Q4	**Status**	
Budget					The Human Services Department (HSD) received conditional approval from the federal partners for one-quarter of total federal funding. However, combined budget submissions with the CCWIS project have caused delays in funding approvals for both projects. HSD increased the project cost to almost $350 million in April 2021 but this budget increase has yet to be approved.	
Schedule					HSD reports the expanded timeline with a 2026 estimated completion date is to accommodate more sister agency collaboration within the HHS2020 initiative and for a less aggressive timeline. Once re-baselined, the project schedule will be re-evaluated based on the new completion date.	
Risk					Project risk remains given the large budget and conditional approvals from CMS and ACF, largely due to delays in approving planning documents with the CYFD CCWIS project. The project is at risk of falling further behind and not receiving budgeted federal funds.	
Overall					Schedule and budget risks remain due to high estimated cost and pending federal approvals for remaining project costs. However, HSD has executed a new system integration vendor contract in May that should improve project outlook in subsequent quarters.	

[1] CMS approved budget including HHS2020 partner agencies.
[2] Total available funding includes an additional $12.6 million appropriated in Laws 2019: $1.3 million from the general fund and $11.3 million federal.

Agency	690	Children, Youth and Families Department (CYFD)				
Project Name	**Comprehensive Child Welfare Information System (CCWIS)**					
Project Description	Replace the legacy Family Automated Client Tracking System (FACTS) with a modular, integrated system to meet the federal Administration on Children and Families (ACF) requirements.					
Project Phase	Implementation	**Estimated Implementation Date:**	Phase I 10/26/21; Overall 10/31/22			
		Estimated Total Cost (in thousands):	$36,000.0; revised $45,352.2			
	State	**Federal**	**Total Available Funding[1]**	**Spent to Date**	**Balance**	**% of Budget Expended**
In thousands	$13,000.0	$7,242.6	$25,511.2	$6,017.2	$19,494.0	23.6%

FY21 Rating	Q1	Q2	Q3	Q4	Status
Budget					Of the $28.8 million budgeted as federal funds, only $7.2 million has been approved by the federal partner and the remainder is pending approval. If the federal match is not approved, the state would potentially have to cover the remaining budgeted federal funds, which exceeds $21 million. A response received in June 2021 indicates that approvals are still pending.
Schedule					Additional requirements to add a Juvenile Justice Services and Children's Behavioral Health business process to the module by October 2022 and other delays to the Medicaid management information system replacement project (another HHS2020 initiative) may delay this project further.
Risk					Risk remains high due to pending federal approvals and uncertainty over final project budget. Contract execution is also a risk given the agency's use of a pricing list, as there are federal requirements for using competitive processes that, if not followed, could also put federal funding in jeopardy.
Overall					Due to the complexity and high risk, the overall status remains red. Federal approval for the implementation phase is critical and continues to delay progress.

[1]Total available funding includes an additional $7 million appropriated in Laws 2019: $5.5 million from the general fund and $1.5 million in federal funds.

Agency	770	Corrections Department (NMCD)	
Project Name	Offender Management System Replacement (OMS)		
Project Description	Replace the legacy client server offender management system with a commercial-off-the-shelf (COTS), web-based solution. The COTS solution has 17 modules associated with NMCD requirements.		
Project Phase	Implementation	Estimated Implementation Date:	6/30/2019; revised 3/31/2022
		Estimated Total Cost (in thousands):	$14,825.4

	State[1]	Federal	Total Available Funding	Spent to Date	Balance	% of Budget Expended
In thousands	$14,230.2		$14,825.4	$11,539.9	$3,285.5	77.8%

FY21 Rating	Q1	Q2	Q3	Q4	Status
Budget					All funds are certified and the project is fully funded, with about 80 percent spent to date. NMCD contributed $178,299 from its operating budget to cover a portion of the service level agreement with the vendor and received business area contributions of approximately $70 thousand, increasing total project costs to just over $14.8 million.
Schedule					The agency is making progress on meeting the revised estimated completion date, with a pre-release of the system scheduled in July and full release of the system planned for August 2021.
Risk					NMCD reports only 10 percent of data remains to be converted, and the agency will conduct a security review of the system after the next release. Staff have passed developer certifications and additional training will take place in August 2021.
Overall					Staff are currently undergoing training for the system and risk is being adequately managed. The system will reduce human errors in offender tracking and management.

[1]Amount includes Laws 2019 appropriation of $4.1 million.

Agency	780	Department of Public Safety (DPS)					
Project Name	**Records Management System (RMS)**						
Project Description	Replace various nonpayer record storage with an integrated records management system to provide law enforcement and other public safety agencies with a single repository of data available to support day-to-day operations, reporting, and records and data analysis. A new RMS will ensure access, preservation, and control of DPS records in all formats.						
Project Phase	Implementation		**Estimated Implementation Date:**		6/30/2021; revised 6/30/2023		
			Estimated Total Cost (in thousands):		$7,381.3		
	State	**Federal**	**Total Available Funding**	**Spent to Date**	**Balance**	**% of Budget Expended**	
In thousands	$7,381.3		$7,381.3	$1,958.3	$5,423.0	26.5%	
FY21 Rating	Q1	Q2	Q3	Q4	**Status**		
Budget					All funds have been certified by the Project Certification Committee, and the project is within budget. Spending totals just over one-quarter of appropriated funds, and the agency reports purchase orders for this fiscal year are being created.		
Schedule					The project schedule now includes accommodations for the computer-aided dispatch (CAD) project and is currently on schedule. Project kick-off meetings were held in May 2021. The final implementation date of June 2023 includes a six-month post-production evaluation to ensure functionality and integration with the CAD system.		
Risk					Risks associated with accommodating two IT projects simultaneously are being adequately managed this quarter with the new project schedule.		
Overall					The project is on budget and making progress to meet the new project timeline. Risks are adequately managed but should continue to be monitored as the agency pursues two projects simultaneously.		

Agency	420	Regulation and Licensing Department (RLD)					
Project Name	**Permitting and Inspection Software Modernization Project**						
Project Description	Modernize RLD's permitting and inspection software (replacing Accela).						
Project Phase	Implementation		**Estimated Implementation Date:**		7/31/2022		
			Estimated Total Cost (in thousands):		CID Phase: $4,995.5		
	State	**Federal**	**Total Available Funding**	**Spent to Date**	**Balance**	**% of Budget Expended**	
In thousands	$7,297.0		$7,297.0	$2,792.2	$4,504.8	38.3%	
	FY21 Year End Rating				**Status**		
Budget					DoIT certified funds total $4.6 million, with just under $2.8 million spent. An additional $2.5 million was appropriated with $2 million budgeted for the Boards and Commissions (BCD) phase and $580 thousand for the Construction Industries Division (CID) phase.		

Schedule		The agency notes resource availability will impact the schedule, but progress is tracked daily and current project phases are on track. The agency estimates a new production date of September 2021 due to operational issues, which required the agency to pull resources off of the CID phase of the project for three weeks in June 2021.
Risk		Both the BCD and the CID phases are being developed concurrently, which poses risk to available resources and scheduling because delays to one phase may negatively impact the other.
Overall		The agency reports that project management is adequately managing risk, but the project should continue to be monitored for further delays. CID phase development is 95 percent complete and testing is in progress, with BCD testing set to take place in July.

Agency	**361**	**Department of Information Technology (DoIT)**					
Program Name	**State Broadband Program**						
Program Description	Implementation and expansion of broadband statewide, including uses of funds from the Connect New Mexico Fund						
			Estimated Implementation Date:		TBD		
			Estimated Total Cost (in thousands):		TBD		
	State	**Federal**	**Total Available Funding[1]**	**Spent to Date**	**Balance**	**% of Budget Expended**	
In thousands	$11,680.6	TBD	$111,680.6	$0.0	$111,680.6	0.0%	

	FY21 Year End Rating	Status
Budget		New 2021 legislation funded roughly $111 million for a new broadband program within DoIT and the new Office of Broadband Access and Expansion, including $25 million for broadband infrastructure for schools through the Connect New Mexico Fund and $500 thousand to DoIT for staffing. Because DoIT has yet to submit expenditure plans for the available funding and the OBAE is not yet staffed, budget risk is high.
Schedule		The governor is in the process of hiring staff for the OBAE and is expected to appoint a director by the end of August 2021. However, DoIT is unable to spend the $500 thousand for staffing pending selection of the director, and program timelines for funding broadband projects have not yet been established.
Risk		The broadband program is at risk of falling further behind pending the governor's appointment of a broadband director. Until then, the program will remain on hold and funds will not be allocated to projects.
Overall		Currently, these efforts are rated red pending the selection of a director for the OBAE and the creation of a spending plan for the additional funding appropriated for FY22

1 Program funding includes $100 million to the connect New Mexico fund to be provisioned by the OBAE, of which $10 million is allocated directly to DoIT, and an additional $11.7 million to DoIT for general broadband infrastructure and other investments.
*The program funding is not reported as part of the certified 2019 rural broadband project, but LFC staff will track and monitor program progress and spending as a separate program.

Tables

LFC - FY23 General Fund Appropriations Recommendations by Agency

(In thousands)

AGENCY	FY22 General Fund Adj. OpBud	FY23 Total General Fund Request	FY23 Total General Fund Growth	FY23 General Fund Increase %	FY23 LFC Rec	FY23 LFC Rec Over/(Under) FY22 OpBud	FY23 LFC Rec Increase %
FEED BILL:							
11100 Legislative Council Service	$ 6,263.1	$ 7,050.9	$ 787.8	12.6%	$ 7,050.9	$ 787.8	12.6%
11200 Legislative Finance Committee	$ 4,485.1	$ 4,754.2	$ 269.1	6.0%	$ 4,843.9	$ 358.8	8.0%
11400 Senate Chief Clerk	$ 1,780.7	$ 1,875.1	$ 94.4	5.3%	$ 1,875.7	$ 95.0	5.3%
11500 House Chief Clerk	$ 1,734.1	$ 1,803.1	$ 69.0	4.0%	$ 1,803.1	$ 69.0	4.0%
11700 Legislative Education Study Committee	$ 1,349.9	$ 1,437.8	$ 87.9	6.5%	$ 1,437.8	$ 87.9	6.5%
11900 Legislative Building Services	$ -	$ -	$ -	-	$ -	$ -	-
13100 Legislature	$ 1,927.0	$ 2,103.0	$ 176.0	9.1%	$ 2,103.0	$ 176.0	9.1%
LEGISLATIVE:	**$ 17,539.9**	**$ 19,024.1**	**$ 1,484.2**	**8%**	**$ 19,114.4**	**$ 1,574.5**	**9.0%**
GENERAL APPROPRIATIONS ACT:							-
11100 Legislative Council Service	$ -	$ -	$ -	-	$ -	$ -	-
11100 Energy Council Dues	$ -	$ -	$ -	-	$ -	$ -	-
11200 Legislative Finance Committee	$ -	$ -	$ -	-	$ -	$ -	-
11400 Senate Chief Clerk	$ -	$ -	$ -	-	$ -	$ -	-
11500 House Chief Clerk	$ -	$ -	$ -	-	$ -	$ -	-
11700 Legislative Education Study Committee	$ -	$ -	$ -	-	$ -	$ -	-
11900 Legislative Building Services	$ 4,345.7	$ 4,485.7	$ 140.0	3.2%	$ 4,563.0	$ 217.3	5.0%
13100 Legislature	$ -	$ -	$ -	-	$ -	$ -	-
LEGISLATIVE:	**$ 4,345.7**	**$ 4,485.7**	**$ 140.0**	**3.2%**	**$ 4,563.0**	**$ 217.3**	**5.0%**
20500 Supreme Court Law Library		$ -	$ -	-	$ -	$ -	-
20800 New Mexico Compilation Commission	$ 529.9	$ 539.5	$ 9.6	1.8%	$ 529.9	$ -	0.0%
21000 Judicial Standards Commission	$ 891.0	$ 1,008.3	$ 117.3	13.2%	$ 932.3	$ 41.3	4.6%
21500 Court of Appeals	$ 6,656.1	$ 6,770.9	$ 114.8	1.7%	$ 6,844.5	$ 188.4	2.8%
21600 Supreme Court	$ 6,585.0	$ 6,789.8	$ 204.8	3.1%	$ 6,801.4	$ 216.4	3.3%
21800 Administrative Office of the Courts	$ 37,328.4	$ 61,832.1	$ 24,503.7	65.6%	$ 40,356.8	$ 3,028.4	8.1%
21900 Supreme Court Building Commission		$ -	$ -	-	$ -	$ -	-
23100 First Judicial District Court	$ 10,723.5	$ 11,090.6	$ 367.1	3.4%	$ 11,191.9	$ 468.4	4.4%
23200 Second Judicial District Court	$ 26,895.5	$ 27,221.5	$ 326.0	1.2%	$ 27,809.7	$ 914.2	3.4%
23300 Third Judicial District Court	$ 10,293.0	$ 11,031.5	$ 738.5	7.2%	$ 10,664.5	$ 371.5	3.6%
23400 Fourth Judicial District Court	$ 3,942.8	$ 4,157.1	$ 214.3	5.4%	$ 4,152.7	$ 209.9	5.3%
23500 Fifth Judicial District Court	$ 10,660.5	$ 11,287.6	$ 627.1	5.9%	$ 11,334.0	$ 673.5	6.3%
23600 Sixth Judicial District Court	$ 5,523.0	$ 6,126.1	$ 603.1	10.9%	$ 5,788.4	$ 265.4	4.8%
23700 Seventh Judicial District Court	$ 4,091.4	$ 4,235.0	$ 143.6	3.5%	$ 4,230.6	$ 139.2	3.4%
23800 Eighth Judicial District Court	$ 4,734.3	$ 5,010.6	$ 276.3	5.8%	$ 4,968.9	$ 234.6	5.0%
23900 Ninth Judicial District Court	$ 5,139.5	$ 5,422.1	$ 282.6	5.5%	$ 5,389.3	$ 249.8	4.9%
24000 Tenth Judicial District Court	$ 1,856.6	$ 1,902.3	$ 45.7	2.5%	$ 1,905.3	$ 48.7	2.6%
24100 Eleventh Judicial District Court	$ 10,940.9	$ 11,276.9	$ 336.0	3.1%	$ 11,294.3	$ 353.4	3.2%
24200 Twelfth Judicial District Court	$ 5,310.9	$ 5,495.6	$ 184.7	3.5%	$ 5,496.0	$ 185.1	3.5%
24300 Thirteenth Judicial District Court	$ 10,937.1	$ 11,751.6	$ 814.5	7.4%	$ 11,531.6	$ 594.5	5.4%
24400 Bernalillo County Metropolitan Court	$ 25,392.0	$ 26,064.0	$ 672.0	2.6%	$ 26,177.9	$ 785.9	3.1%
25100 First Judicial District Attorney	$ 6,258.0	$ 7,234.2	$ 976.2	15.6%	$ 6,555.7	$ 297.7	4.8%
25200 Second Judicial District Attorney	$ 24,825.1	$ 27,232.6	$ 2,407.5	9.7%	$ 25,904.0	$ 1,078.9	4.3%
25300 Third Judicial District Attorney	$ 5,468.3	$ 6,025.4	$ 557.1	10.2%	$ 5,704.4	$ 236.1	4.3%
25400 Fourth Judicial District Attorney	$ 3,622.3	$ 4,120.6	$ 498.3	13.8%	$ 3,784.8	$ 162.5	4.5%
25500 Fifth Judicial District Attorney	$ 6,105.9	$ 6,908.9	$ 803.0	13.2%	$ 6,509.9	$ 404.0	6.6%
25600 Sixth Judicial District Attorney	$ 3,326.0	$ 3,815.7	$ 489.7	14.7%	$ 3,541.1	$ 215.1	6.5%
25700 Seventh Judicial District Attorney	$ 2,906.6	$ 3,139.0	$ 232.4	8.0%	$ 3,050.9	$ 144.3	5.0%
25800 Eighth Judicial District Attorney	$ 3,265.6	$ 3,458.4	$ 192.8	5.9%	$ 3,408.9	$ 143.3	4.4%
25900 Ninth Judicial District Attorney	$ 3,647.4	$ 3,829.2	$ 181.8	5.0%	$ 3,847.2	$ 199.8	5.5%
26000 Tenth Judicial District Attorney	$ 1,587.8	$ 1,730.8	$ 143.0	9.0%	$ 1,650.5	$ 62.7	3.9%
26100 Eleventh Judicial District Attorney, Div I	$ 5,362.9	$ 6,307.2	$ 944.3	17.6%	$ 5,722.3	$ 359.4	6.7%
26200 Twelfth Judicial District Attorney	$ 3,831.8	$ 4,433.1	$ 601.3	15.7%	$ 4,036.3	$ 204.5	5.3%
26300 Thirteenth Judicial District Attorney	$ 5,996.4	$ 8,352.5	$ 2,356.1	39.3%	$ 6,389.0	$ 392.6	6.5%
26400 Administrative Office of the District Attorneys	$ 2,466.8	$ 3,844.1	$ 1,377.3	55.8%	$ 2,553.1	$ 86.3	3.5%
26500 Eleventh Judicial District Attorney, Division II	$ 2,862.7	$ 3,189.3	$ 326.6	11.4%	$ 3,052.1	$ 189.4	6.6%
28000 New Mexico Public Defender Department	$ 57,823.9	$ 63,379.4	$ 5,555.5	9.6%	$ 60,800.0	$ 2,976.1	5.1%
JUDICIAL:	**$ 327,788.9**	**$ 376,013.5**	**$ 48,224.6**	**14.7%**	**$ 343,910.2**	**$ 16,121.3**	**4.9%**
30500 Attorney General	$ 14,319.4	$ 16,242.6	$ 1,923.2	13.4%	$ 14,319.4	$ -	0.0%
30800 State Auditor	$ 3,260.5	$ 3,858.4	$ 597.9	18.3%	$ 3,459.1	$ 198.6	6.1%
33300 Taxation and Revenue Department	$ 65,333.0	$ 71,984.4	$ 6,651.4	10.2%	$ 68,026.3	$ 2,693.3	4.1%
33700 State Investment Council	$ -	$ -	$ -	-	$ -	$ -	-
34000 Administrative Hearings Office	$ 1,747.1	$ 1,899.3	$ 152.2	8.7%	$ 1,857.3	$ 110.2	6.3%
34100 Department of Finance and Administration	$ 16,731.2	$ 18,901.1	$ 2,169.9	13.0%	$ 17,469.2	$ 738.0	4.4%
34200 Public School Insurance Authority	$ -	$ -	$ -	-	$ -	$ -	-
34300 Retiree Health Care Authority	$ -	$ -	$ -	-	$ -	$ -	-
34400 DFA Special Appropriations	$ 5,524.1	$ 5,796.8	$ 272.7	4.9%	$ 8,136.6	$ 2,612.5	47.3%
35000 General Services Department	$ 16,741.7	$ 18,237.6	$ 1,495.9	8.9%	$ 17,841.7	$ 1,100.0	6.6%
35200 Educational Retirement Board	$ -	$ -	$ -	-	$ -	$ -	-
35400 New Mexico Sentencing Commission	$ 1,188.6	$ 2,010.6	$ 822.0	69.2%	$ 1,388.6	$ 200.0	16.8%
35600 Governor	$ 4,607.2	$ 4,897.2	$ 290.0	6.3%	$ 4,838.4	$ 231.2	5.0%
36000 Lieutenant Governor	$ 584.9	$ 584.9	$ -	0.0%	$ 584.9	$ -	0.0%
36100 Department of Information Technology	$ 1,801.2	$ 2,801.2	$ 1,000.0	55.5%	$ 2,249.0	$ 447.8	24.9%
36600 Public Employees Retirement Association	$ 49.5	$ 49.8	$ 0.3	0.6%	$ 49.8	$ 0.3	0.6%
36900 State Commission of Public Records	$ 2,442.6	$ 2,636.8	$ 194.2	8.0%	$ 2,515.2	$ 72.6	3.0%
37000 Secretary of State	$ 16,640.1	$ 14,363.4	$ (2,276.7)	-13.7%	$ 13,913.4	$ (2,726.7)	-16.4%
37800 Personnel Board	$ 3,739.5	$ 4,785.2	$ 1,045.7	28.0%	$ 3,834.1	$ 94.6	2.5%
37900 Public Employee Labor Relations Board	$ 245.1	$ 255.1	$ 10.0	4.1%	$ 255.1	$ 10.0	4.1%
39400 State Treasurer	$ 3,883.5	$ 4,551.5	$ 668.0	17.2%	$ 3,992.6	$ 109.1	2.8%
GENERAL CONTROL	**$ 158,839.2**	**$ 173,855.9**	**$ 15,016.7**	**9.5%**	**$ 164,730.7**	**$ 5,891.5**	**3.7%**

NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

LFC - FY23 General Fund Appropriations Recommendations by Agency

(In thousands)

AGENCY	FY22 General Fund Adj. OpBud	FY23 Total General Fund Request	FY23 Total General Fund Growth	FY23 General Fund Increase %	FY23 LFC Rec	FY23 LFC Rec Over/(Under) FY22 OpBud	FY23 LFC Rec Increase %
40400 Board of Examiners for Architects	$ -	$ -	$ -	-	$ -	$ -	-
41000 Ethics Commission	$ 910.3	$ 1,277.4	$ 367.1	40.3%	$ 1,193.5	$ 283.2	31.1%
41700 Border Authority	$ 438.4	$ 563.8	$ 125.4	28.6%	$ 448.4	$ 10.0	2.3%
41800 Tourism Department	$ 16,727.2	$ 49,201.4	$ 32,474.2	194.1%	$ 19,203.5	$ 2,476.3	14.8%
41900 Economic Development Department	$ 14,247.6	$ 24,739.6	$ 10,492.0	73.6%	$ 15,586.4	$ 1,338.8	9.4%
42000 Regulation and Licensing Department	$ 13,099.3	$ 21,252.6	$ 8,153.3	62.2%	$ 13,812.3	$ 713.0	5.4%
43000 Public Regulation Commission	$ 9,560.8	$ 10,979.4	$ 1,418.6	14.8%	$ 10,341.1	$ 780.3	8.2%
44000 Office Superintendent of Insurance	$ -	$ -	$ -	-	$ -	$ -	-
44600 Medical Board	$ -	$ -	$ -	-	$ -	$ -	-
44900 Board of Nursing	$ -	$ -	$ -	-	$ -	$ -	-
46000 New Mexico State Fair	$ 285.0	$ 200.0	$ (85.0)	-29.8%	$ 200.0	$ (85.0)	-29.8%
46400 State Brd of Lic for Engin & Land Surveyors	$ -	$ -	$ -	-	$ -	$ -	-
46500 Gaming Control Board	$ 5,250.0	$ 6,942.2	$ 1,692.2	32.2%	$ 5,583.3	$ 333.3	6.3%
46900 State Racing Commission	$ 2,359.3	$ 2,491.0	$ 131.7	5.6%	$ 2,476.7	$ 117.4	5.0%
47900 Board of Veterinary Medicine	$ -	$ -	$ -	-	$ -	$ -	-
49000 Cumbres and Toltec Scenic Railroad Comm	$ 339.7	$ 362.8	$ 23.1	6.8%	$ 362.8	$ 23.1	6.8%
49100 Office of Military Base Planning and Support	$ 286.9	$ 334.4	$ 47.5	16.6%	$ 296.2	$ 9.3	3.2%
49500 Spaceport Authority	$ 2,090.9	$ 4,090.9	$ 2,000.0	95.7%	$ 3,790.9	$ 1,700.0	81.3%
COMMERCE & INDUSTRY	**$ 65,595.4**	**$ 122,435.5**	**$ 56,840.1**	**87%**	**$ 73,295.1**	**$ 7,699.7**	**11.7%**
50500 Cultural Affairs Department	$ 33,471.9	$ 37,251.9	$ 3,780.0	11.3%	$ 35,212.5	$ 1,740.6	5.2%
50800 New Mexico Livestock Board	$ 653.2	$ 4,510.3	$ 3,857.1	590.5%	$ 3,182.5	$ 2,529.3	387.2%
51600 Department of Game and Fish	$ -	$ -	$ -	-	$ -	$ -	-
52100 Energy, Minerals and Natural Resources Depart.	$ 24,140.0	$ 31,910.6	$ 7,770.6	32.2%	$ 25,962.5	$ 1,822.5	7.5%
52200 Youth Conservation Corps	$ -	$ -	$ -	-	$ -	$ -	-
53800 Intertribal Ceremonial Office	$ 160.8	$ 755.0	$ 594.2	369.5%	$ 322.0	$ 161.2	100.2%
53900 Commissioner of Public Lands	$ -	$ -	$ -	-	$ -	$ -	-
55000 State Engineer	$ 20,624.0	$ 29,852.8	$ 9,228.8	44.7%	$ 24,746.6	$ 4,122.6	20.0%
AGRICULTURE, ENERGY, & NATURAL RESOURCES:	**$ 79,049.9**	**$ 104,280.6**	**$ 25,230.7**	**31.9%**	**$ 89,426.1**	**$ 10,376.2**	**13.1%**
60300 Office of African American Affairs	$ 775.8	$ 975.9	$ 200.1	25.8%	$ 809.6	$ 33.8	4.4%
60400 Comm for Deaf and Hard-of-Hearing Persons	$ 790.8	$ 1,462.1	$ 671.3	84.9%	$ 1,186.2	$ 395.4	50.0%
60500 Martin Luther King, Jr. Commission	$ 327.9	$ 327.9	$ -	0.0%	$ 327.9	$ -	0.0%
60600 Commission for the Blind	$ 2,279.9	$ 2,303.6	$ 23.7	1.0%	$ 2,303.6	$ 23.7	1.0%
60900 Indian Affairs Department	$ 2,717.4	$ 3,668.6	$ 951.2	35.0%	$ 2,979.9	$ 262.5	9.7%
61100 Early Childhood Education and Care Department	$ 191,765.5	$ 201,279.6	$ 9,514.1	5.0%	$ 198,566.7	$ 6,801.2	3.5%
62400 Aging and Long-Term Services Department	$ 48,941.5	$ 55,225.2	$ 6,283.7	12.8%	$ 51,443.0	$ 2,501.5	5.1%
63000 Human Services Department	$ 1,155,365.0	$ 1,430,734.9	$ 275,369.9	23.8%	$ 1,417,025.2	$ 261,660.2	22.6%
63100 Workforce Solutions Department	$ 9,456.2	$ 11,356.2	$ 1,900.0	20.1%	$ 9,849.9	$ 393.7	4.2%
63200 Workers' Compensation Administration	$ -	$ -	$ -	-	$ -	$ -	-
64400 Division of Vocational Rehabilitation	$ 6,467.7	$ 6,467.7	$ -	0.0%	$ 6,467.7	$ -	0.0%
64500 Governor's Commission on Disability	$ 1,304.0	$ 1,480.5	$ 176.5	13.5%	$ 1,389.0	$ 85.0	6.5%
64700 Developmental Disabilities Planning Council	$ 6,749.4	$ 7,691.7	$ 942.3	14.0%	$ 7,293.4	$ 544.0	8.1%
66200 Miners' Hospital of New Mexico	$ 185.8	$ 200.0	$ 14.2	7.6%	$ -	$ (185.8)	-100.0%
66500 Department of Health	$ 316,005.7	$ 369,946.6	$ 53,940.9	17.1%	$ 342,816.1	$ 26,810.4	8.5%
66700 Department of Environment	$ 16,052.9	$ 23,071.0	$ 7,018.1	43.7%	$ 17,072.4	$ 1,019.5	6.4%
66800 Office of the Natural Resources Trustee	$ 427.9	$ 787.9	$ 360.0	84.1%	$ 623.6	$ 195.7	45.7%
67000 Veterans' Services Department	$ 5,436.8	$ 7,391.9	$ 1,955.1	36.0%	$ 5,696.8	$ 260.0	4.8%
69000 Children, Youth and Families Department	$ 213,423.2	$ 254,948.2	$ 41,525.0	19.5%	$ 228,529.2	$ 15,106.0	7.1%
HEALTH, HOSPITALS, & HUMAN SERVICES:	**$ 1,978,473.4**	**$ 2,379,319.5**	**$ 400,846.1**	**20.3%**	**$ 2,294,380.2**	**$ 315,906.8**	**16.0%**
70500 Department of Military Affairs	$ 6,989.8	$ 8,100.9	$ 1,111.1	15.9%	$ 7,589.8	$ 600.0	8.6%
76000 Parole Board	$ 568.6	$ 623.3	$ 54.7	9.6%	$ 615.5	$ 46.9	8.2%
76500 Juvenile Parole Board	$ 7.6	$ 7.6	$ -	0.0%	$ 7.6	$ -	0.0%
77000 Corrections Department	$ 329,318.1	$ 338,817.3	$ 9,499.2	2.9%	$ 327,709.1	$ (1,609.0)	-0.5%
78000 Crime Victims Reparation Commission	$ 6,672.0	$ 12,148.0	$ 5,476.0	82.1%	$ 7,781.0	$ 1,109.0	16.6%
79000 Department of Public Safety	$ 129,699.8	$ 161,040.1	$ 31,340.3	24.2%	$ 143,734.6	$ 14,034.8	10.8%
79500 Homeland Security and Emergency Mgmt	$ 3,307.3	$ 3,587.4	$ 280.1	8.5%	$ 3,307.3	$ -	0.0%
PUBLIC SAFETY:	**$ 476,563.2**	**$ 524,324.6**	**$ 47,761.4**	**10.0%**	**$ 490,744.9**	**$ 14,181.7**	**3.0%**
80500 Department of Transportation	$ -	$ -	$ -	-	$ -	$ -	-
TRANSPORTATION:	**$ -**	**$ -**	**$ -**	**-**	**$ -**	**$ -**	**-**
92400 Public Education Department	$ 14,531.9	$ 21,273.9	$ 6,742.0	46.4%	$ 19,463.4	$ 4,931.5	33.9%
92500 Public Education Dept.-Special Approps	$ 19,438.6	$ 18,873.0	$ (565.6)	-2.9%	$ 25,650.0	$ 6,211.4	32.0%
93000 Regional Education Cooperatives	$ 1,034.0	$ 3,200.0	$ 2,166.0	209.5%	$ 1,100.0	$ 66.0	6.4%
94000 Public School Facilities Authority	$ -	$ -	$ -	-	$ -	$ -	-
OTHER EDUCATION:	**$ 35,004.5**	**$ 43,346.9**	**$ 8,342.4**	**23.8%**	**$ 46,213.4**	**$ 11,208.9**	**32.0%**
95000 Higher Education Department	$ 40,910.4	$ 99,416.8	$ 58,506.4	143.0%	$ 46,346.8	$ 5,436.4	13.3%
95200 University of New Mexico	$ 339,181.3	$ 331,412.1	$ (7,769.2)	-2.3%	$ 352,106.9	$ 12,925.6	3.8%
95400 New Mexico State University	$ 214,817.6	$ 211,553.9	$ (3,263.7)	-1.5%	$ 222,729.2	$ 7,911.6	3.7%
95600 New Mexico Highlands University	$ 33,006.5	$ 32,657.9	$ (348.6)	-1.1%	$ 34,677.5	$ 1,671.0	5.1%
95800 Western New Mexico University	$ 23,370.5	$ 22,847.8	$ (522.7)	-2.2%	$ 24,726.9	$ 1,356.4	5.8%
96000 Eastern New Mexico University	$ 50,045.3	$ 49,623.2	$ (422.1)	-0.8%	$ 52,322.4	$ 2,277.1	4.6%
96200 NM Institute of Mining and Technology	$ 40,382.3	$ 39,896.5	$ (485.8)	-1.2%	$ 42,024.9	$ 1,642.6	4.1%
96400 Northern New Mexico College	$ 11,551.6	$ 11,455.5	$ (96.1)	-0.8%	$ 12,266.1	$ 714.5	6.2%
96600 Santa Fe Community College	$ 15,286.2	$ 15,036.2	$ (250.0)	-1.6%	$ 16,072.5	$ 786.3	5.1%
96800 Central New Mexico Community College	$ 61,977.4	$ 61,122.7	$ (854.7)	-1.4%	$ 65,275.9	$ 3,298.5	5.3%
97000 Luna Community College	$ 8,135.1	$ 8,074.5	$ (60.6)	-0.7%	$ 8,381.2	$ 246.1	3.0%
97200 Mesalands Community College	$ 4,496.9	$ 4,465.3	$ (31.6)	-0.7%	$ 4,636.0	$ 139.1	3.1%
97400 New Mexico Junior College	$ 6,849.2	$ 6,717.1	$ (132.1)	-1.9%	$ 7,218.7	$ 369.5	5.4%
97600 San Juan College	$ 25,420.1	$ 25,109.6	$ (310.5)	-1.2%	$ 26,255.4	$ 835.3	3.3%
97700 Clovis Community College	$ 10,183.8	$ 10,097.0	$ (86.8)	-0.9%	$ 10,892.6	$ 708.8	7.0%
97800 New Mexico Military Institute	$ 3,179.0	$ 3,034.9	$ (144.1)	-4.5%	$ 3,269.1	$ 90.1	2.8%

Table 1: General Fund Agency Recommendation Summary

NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

LFC - FY23 General Fund Appropriations Recommendations by Agency

(In thousands)

AGENCY	FY22 General Fund Adj. OpBud	FY23 Total General Fund Request	FY23 Total General Fund Growth	FY23 General Fund Increase %	FY23 LFC Rec	FY23 LFC Rec Over/(Under) FY22 OpBud	FY23 LFC Rec Increase %
97900 NM School for the Blind and Visually Impaired	$ 1,566.2	$ 1,488.2	$ (78.0)	-5.0%	$ 1,790.5	$ 224.3	14.3%
98000 New Mexico School for the Deaf	$ 4,291.0	$ 4,241.5	$ (49.5)	-1.2%	$ 4,535.5	$ 244.5	5.7%
HIGHER EDUCATION:	**$ 894,650.4**	**$ 938,250.7**	**$ 43,600.3**	**4.9%**	**$ 935,528.1**	**$ 40,877.7**	**4.6%**
99300 Public School Support	$ 3,411,292.8	$ 3,803,954.1	$ 392,661.3	11.5%	$ 3,821,239.9	$ 409,947.1	12.0%
PUBLIC SCHOOL SUPPORT:	**$ 3,411,292.8**	**$ 3,803,954.1**	**$ 392,661.3**	**11.5%**	**$ 3,821,239.9**	**$ 409,947.1**	**12.0%**
Undistributee Comp	$ 544.0						
ERB Employer Contribution Increase -2%	$ -	$ -	$ -	-	$ 18,654.6	$ 18,654.6	-
Compensation - Avg. 7%	$ -	$ -	$ -	-	$ 122,628.5	$ 122,628.5	-
$13.50 State Agency/Education Minimum Salary	$ -	$ -	$ -	-	$ 11,494.9	$ 11,494.9	-
5% Health Premiums-State Agencies	$ -	$ -	$ -		$ 4,230.1	$ 4,230.1	-
Supplemental GAA	$ -	$ -	$ -		$ 25,200.0	$ 25,200.0	-
COMPENSATION	**$ 544.0**	**$ -**	**$ -**	**0.0%**	**$ 182,208.1**	**$ 182,208.1**	**0.0%**
TOTAL GENERAL APPROPRIATION ACT	**$ 7,432,147.4**	**$ 8,470,267.0**	**$ 1,038,663.6**	**14.0%**	**$ 8,446,239.7**	**$ 1,014,636.3**	**13.7%**
TOTAL FEED BILL AND GENERAL APPROPRIATION	**$ 7,449,687.3**	**$ 8,489,291.1**	**$ 1,040,147.8**	**14.0%**	**$ 8,465,354.1**	**$ 1,016,210.8**	**13.6%**

Table 2: U.S. and New Mexico Economic Indicators

U.S. and New Mexico Economic Indicators

		FY21		FY22		FY23		FY24		FY25	
		Aug 21 Forecast	**Dec 21 Forecast**	Aug 21 Forecast	**Dec 21 Forecast**	Aug 21 Forecast	**Dec 21 Forecast**	Aug 21 Forecast	**Dec 21 Forecast**	Aug 21 Forecast	**Dec 21 Forecast**
	National Economic Indicators										
IHS	US Real GDP Growth (annual avg.,% YOY)*	1.6	**1.6**	5.7	**4.6**	2.8	**3.8**	2.3	**2.6**	2.3	**2.7**
Moody's	US Real GDP Growth (annual avg. ,% YOY)*	1.6	**1.6**	6.2	**5.2**	2.8	**2.9**	2.9	**2.7**	2.7	**2.6**
IHS	US Inflation Rate (CPI-U, annual avg., % YOY)**	2.3	**2.3**	4.2	**5.0**	1.5	**2.2**	2.0	**2.2**	2.1	**2.2**
Moody's	US Inflation Rate (CPI-U, annual avg., % YOY)**	2.3	**2.3**	4.2	**5.0**	2.3	**2.5**	2.3	**2.3**	2.3	**2.3**
IHS	Federal Funds Rate (%)	0.1	**0.1**	0.1	**0.1**	0.1	**0.2**	0.3	**0.6**	0.8	**1.3**
Moody's	Federal Funds Rate (%)	0.1	**0.1**	0.1	**0.1**	0.2	**0.2**	1.0	**1.0**	1.9	**1.9**
	New Mexico Labor Market and Income Data										
BBER	NM Non-Agricultural Employment Growth (%)	-5.3	**-5.6**	3.4	**3.4**	2.2	**2.4**	1.6	**1.7**	1.4	**1.4**
Moody's	NM Non-Agricultural Employment Growth (%)	-5.9	**-5.9**	4.4	**4.8**	2.4	**2.4**	1.1	**1.1**	0.5	**0.5**
BBER	NM Nominal Personal Income Growth (%)***	6.3	**7.8**	6.6	**5.1**	-5.5	**-4.6**	4.6	**4.6**	4.5	**4.9**
Moody's	NM Nominal Personal Income Growth (%)***	6.3	**7.8**	5.4	**6.7**	-1.7	**-1.1**	4.6	**4.7**	4.5	**4.7**
BBER	NM Total Wages & Salaries Growth (%)	0.0	**2.4**	4.7	**3.5**	5.2	**5.7**	4.8	**4.4**	4.5	**4.5**
Moody's	NM Total Wages & Salaries Growth (%)	1.0	**2.4**	7.1	**7.8**	4.3	**4.5**	4.8	**5.1**	4.1	**4.3**
BBER	NM Private Wages & Salaries Growth (%)	0.9	**2.6**	4.7	**3.8**	5.8	**6.0**	5.1	**4.9**	4.8	**4.9**
BBER	NM Real Gross State Product (% YOY)	-0.4	**0.8**	5.8	**3.3**	2.4	**2.7**	2.2	**2.5**	2.2	**2.5**
Moody's	NM Real Gross State Product (% YOY)	0.2	**0.8**	7.2	**5.4**	2.8	**2.6**	2.5	**2.6**	2.2	**2.2**
CREG	NM Gross Oil Price ($/barrel)	$49.92	**$50.58**	$63.50	**$71.50**	$58.00	**$64.50**	$56.00	**$60.50**	$55.50	**$59.50**
CREG	NM Net Oil Price ($/barrel)*****	$43.61	**$44.20**	$55.75	**$62.78**	$50.92	**$56.63**	$49.17	**$53.12**	$48.73	**$52.24**
BBER	Oil Volumes (million barrels)	392	**408**	396	**397**	408	**410**	414	**417**	420	**422**
CREG	NM Taxable Oil Volumes (million barrels)	405	**408**	445	**497**	460	**515**	475	**539**	485	**557**
	NM Taxable Oil Volumes (%YOY growth)	10.0%	**10.8%**	9.9%	**21.8%**	3.4%	**3.6%**	3.3%	**4.7%**	2.1%	**3.4%**
CREG	NM Gross Gas Price ($ per thousand cubic feet)****	$3.32	**$3.40**	$3.75	**$5.00**	$3.25	**$3.80**	$2.75	**$3.40**	$2.70	**$3.30**
CREG	NM Net Gas Price ($ per thousand cubic feet)*****	$2.32	**$2.40**	$2.71	**$3.82**	$2.25	**$2.72**	$1.83	**$2.35**	$1.79	**$2.26**
BBER	Gas Volumes (billion cubic feet)	1,995	**2,137**	1,847	**2,055**	1,874	**2,088**	1,895	**2,113**	1,904	**2,129**
CREG	NM Taxable Gas Volumes (billion cubic feet)	2,115	**2,135**	2,270	**2,395**	2,360	**2,420**	2,430	**2,460**	2,470	**2,505**
	NM Taxable Gas Volumes (%YOY growth)	15.6%	**16.7%**	7.3%	**12.2%**	4.0%	**1.0%**	3.0%	**1.7%**	1.6%	**1.8%**

Notes
* Real GDP is BEA chained 2012 dollars, billions, annual rate
** CPI is all urban, BLS 1982-84=1.00 base
***Nominal Personal Income growth rates are for the calendar year in which each fiscal year begins
****The gross gas prices are estimated using a formula of NYMEX, EIA, and IHS Markit (November) future prices
*****The net oil and gas prices represent calculated prices based on taxable values of the product after deductions for transportation, processing, and royalties
Sources: BBER - October 2020 FOR-UNM baseline. IHS Global Insight - November 2020 baseline.

DFA Notes
* Real GDP is BEA chained 2012 dollars, billions, annual rate
** CPI is all urban, BLS 1982-84=1.00 base.
***Nominal Personal Income growth rates are for the calendar year in which each fiscal year begins
****The gross gas prices are estimated using a formula of NYMEX, EIA, and Moodys January future prices
*****The net oil and gas prices represent calculated prices based on taxable values of the product after deductions for transportation, processing, and royalties
Sources: September 2020 Moody's economy.com baseline

Table 3: General Fund Consensus Revenue Estimate

General Fund Consensus Revenue Estimate - December 2021

Revenue Source	FY21		FY22		FY23		FY24	
	Dec. 2021 Actual	% Change from FY20	Dec. 2021 Est.	% Change from FY21	Dec. 2021 Est.	% Change from FY22	Dec. 2021 Est.	% Change from FY23
Base Gross Receipts Tax	**2,971.7**	*-4.3%*	**2,915.0**	*-1.9%*	**3,080.6**	*5.7%*	**3,180.2**	*3.2%*
F&M Hold Harmless Payments	**(121.4)**	*-25.1%*	**(111.5)**	*-8.1%*	**(101.9)**	*-8.6%*	**(92.4)**	*-9.3%*
NET Gross Receipts Tax	**2,850.3**	*-3.1%*	**2,803.5**	*-1.6%*	**2,978.7**	*6.2%*	**3,087.8**	*3.7%*
Compensating Tax	**63.9**	*0.6%*	**61.6**	*-3.6%*	**68.3**	*10.9%*	**68.9**	*0.9%*
TOTAL GENERAL SALES	**2,914.2**	*-3.0%*	**2,865.1**	*-1.7%*	**3,047.0**	*6.4%*	**3,156.7**	*3.6%*
Tobacco Taxes	**90.5**	*1.9%*	**90.6**	*0.1%*	**89.0**	*-1.8%*	**88.3**	*-0.8%*
Liquor Excise	**24.6**	*0.0%*	**24.8**	*0.8%*	**24.5**	*-1.2%*	**24.7**	*0.7%*
Cannabis Excise	**n/a**		**6.2**		**27.9**	*350.0%*	**31.9**	*14.3%*
Insurance Taxes	**292.7**	*12.9%*	**307.0**	*4.9%*	**347.7**	*13.3%*	**360.4**	*3.7%*
Fire Protection Fund Reversion	**12.0**		**-**	*-100.0%*	**-**		**-**	
Motor Vehicle Excise	**174.1**	*26.4%*	**142.1**	*-18.4%*	**143.1**	*0.7%*	**146.4**	*2.3%*
Gaming Excise	**24.7**	*-46.4%*	**64.5**	*161.7%*	**66.5**	*3.1%*	**67.3**	*1.2%*
Leased Vehicle & Other	**5.5**	*-26.3%*	**5.8**	*5.8%*	**6.3**	*7.8%*	**6.8**	*8.8%*
TOTAL SELECTIVE SALES	**624.0**	*10.7%*	**641.0**	*2.7%*	**705.0**	*10.0%*	**725.8**	*3.0%*
Personal Income Tax	**1,904.1**	*12.5%*	***1,881.5***	*-1.2%*	***2,038.5***	*8.3%*	***2,084.1***	*2.2%*
Gross Corporate Income Tax	**189.5**	*35.8%*	***212.4***	*12.1%*	***201.8***	*-5.0%*	***203.8***	*1.0%*
CIT Refundable Credits	**(39.8)**	*-47.8%*	***(102.6)***	*157.8%*	***(133.7)***	*30.3%*	***(160.2)***	*19.8%*
NET Corporate Income Tax	**149.7**	*136.9%*	**109.8**	*-26.7%*	**68.1**	*-38.0%*	**43.6**	*-36.0%*
TOTAL INCOME TAXES	**2,053.8**	*17.0%*	**1,991.3**	*-3.0%*	**2,106.6**	*5.8%*	**2,127.7**	*1.0%*
Gross Oil and Gas School Tax	**763.1**	*37.6%*	***1,349.8***	*76.9%*	***1,183.1***	*-12.3%*	***1,134.5***	*-4.1%*
Excess to TSR or Early Childhood Trust Fund	**(342.7)**	*106.3%*	***(824.1)***	*140.5%*	***(448.3)***	*-45.6%*	***(253.3)***	*-43.5%*
NET Oil & Gas School Tax	**420.4**	*8.2%*	**525.7**	*25.0%*	**734.8**	*39.8%*	**881.2**	*19.9%*
Oil Conservation Tax	**39.6**	*34.2%*	**62.0**	*56.5%*	**61.1**	*-1.5%*	**58.8**	*-3.7%*
Resources Excise Tax	**6.8**	*-4.9%*	**7.6**	*11.8%*	**7.0**	*-7.9%*	**7.1**	*1.4%*
Natural Gas Processors Tax	**10.5**	*-28.9%*	**9.1**	*-13.3%*	**25.8**	*183.5%*	**24.1**	*-6.6%*
TOTAL SEVERANCE TAXES	**477.3**	*8.5%*	**604.3**	*26.6%*	**828.6**	*37.1%*	**971.2**	*17.2%*
LICENSE FEES	**21.8**	*-56.8%*	**58.5**	*168.0%*	**57.9**	*-0.9%*	**57.3**	*-1.2%*
LGPF Interest	**721.6**	*7.1%*	**777.1**	*7.7%*	**848.6**	*9.2%*	**920.1**	*8.4%*
STO Interest	**5.3**	*-94.2%*	**15.8**	*194.5%*	**30.4**	*93.1%*	**33.2**	*9.0%*
STPF Interest	**234.0**	*3.9%*	**246.4**	*5.3%*	**263.0**	*6.7%*	**283.8**	*7.9%*
TOTAL INTEREST	**961.0**	*-3.0%*	**1,039.2**	*8.1%*	**1,142.0**	*9.9%*	**1,237.1**	*8.3%*
Gross Federal Mineral Leasing	***811.5***	*-0.7%*	***1,439.3***	*77.4%*	***1,580.8***	*9.8%*	***1,481.3***	*-6.3%*
Excess to Early Childhood Trust Fund	***n/a***		***(684.3)***		***(625.2)***	*-8.6%*	***(322.3)***	*-48.4%*
NET Federal Mineral Leasing	**811.5**	*-0.7%*	**755.0**	*-7.0%*	**955.7**	*26.6%*	**1,159.0**	*21.3%*
State Land Office	**41.8**	*-40.2%*	**36.7**	*-12.1%*	**37.6**	*2.5%*	**37.9**	*0.8%*
TOTAL RENTS & ROYALTIES	**853.3**	*-3.8%*	**791.7**	*-7.2%*	**993.3**	*25.5%*	**1,196.9**	*20.5%*
TRIBAL REVENUE SHARING	**48.2**	*6.0%*	**72.8**	*51.2%*	**76.6**	*5.1%*	**78.7**	*2.8%*
MISCELLANEOUS RECEIPTS	**41.1**	*-1.0%*	**49.2**	*19.6%*	**42.1**	*-14.4%*	**41.7**	*-0.8%*
REVERSIONS	**90.6**	*11.7%*	**50.0**	*-44.8%*	**50.0**	*0.0%*	**50.0**	*0.0%*
TOTAL RECURRING	**8,085.2**	*2.9%*	**8,163.1**	*1.0%*	**9,049.1**	*10.9%*	**9,643.2**	*6.6%*
2021 Nonrecurring Legislation	**(148.8)**		**(8.2)**	*-94.5%*				
Other Nonrecurring	**114.6**		**-**	*-100.0%*				
TOTAL NONRECURRING	**(34.2)**	*-110.6%*	**(8.2)**	*-76.0%*				
GRAND TOTAL General Fund	**8,051.0**	*-1.6%*	**8,154.9**	*1.3%*	**9,049.1**	*11.0%*	**9,643.2**	*6.6%*

General Fund Financial Summary:
December 2021 Consensus Revenue Estimate and LFC Budget Recommendation

(millions of dollars)

December 1, 2021
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	Estimate FY2021	Estimate FY2022	Estimate FY2023
APPROPRIATION ACCOUNT			
REVENUE			
Recurring Revenue			
August 2021 Consensus Revenue Forecast	$ 8,045.7	$ 8,108.6	$ 8,841.7
December 2021 Consensus Revenue Update	$ 39.4	$ 54.4	$ 207.4
Total Recurring Revenue	$ 8,085.2	$ 8,163.1	$ 9,049.1
Percent Change in Recurring Revenue	*2.9%*	*1.0%*	*10.9%*
Nonrecurring Revenue			
Federal Stimulus Funds	$ 750.0	$ -	
2021 Nonrecurring Revenue Legislation (post-veto)	$ (148.8)	$ (8.2)	
August 2021 Consensus Revenue Forecast	$ 82.6	$ -	
December 2021 Consensus Revenue Update	$ 32.0		
Total Nonrecurring Revenue	$ 715.8	$ (8.2)	
TOTAL REVENUE	**$ 8,801.0**	**$ 8,154.9**	**$ 9,049.1**
APPROPRIATIONS			
Recurring Appropriations			FY23 New Money: $1.599 billion or 21.5%
2020 Regular Session Legislation & Feed Bill	$ 7,621.4	$ -	
2020 Special Session Solvency Savings [1]	$ (411.9)	$ -	
2021 Regular and First Special Session Legislation & Feed Bill (pre-veto)	$ 10.0	$ 7,449.7	
Total Recurring Appropriations	$ 7,219.5	$ 7,449.7	
2020 Special Session Federal Funds Swaps	$ (146.6)		
Total Operating Budget	$ 7,072.9	$ 7,449.7	
Nonrecurring Appropriations			
2020 Session Nonrecurring Appropriations & Legislation	$ 320.0	$ -	
2020 First Special Session Solvency Savings [1]	$ (20.0)	$ -	
2020 Second Special Session Appropriations	$ 329.2	$ -	
2021 Regular and First Special Session Nonrecurring Appropriations (post-veto)	$ 931.0	$ -	
Total Nonrecurring Appropriations	$ 1,560.2	$ -	
Subtotal Recurring and Nonrecurring Appropriations	$ 8,633.1	$ 7,449.7	
Audit Adjustments			
2021 GAA Audit Adjustment	$ 11.5		
2020 GAA Undistributed Nonrecurring Appropriations [2]	$ 259.5		
TOTAL APPROPRIATIONS	**$ 8,904.1**	**$ 7,449.7**	
Transfer to (from) Reserves	$ (103.1)	$ 705.2	
GENERAL FUND RESERVES			
Beginning Balances	$ 2,513.5	$ 2,504.8	
Transfers from (to) Appropriations Account	$ (103.1)	$ 705.2	
Revenue and Reversions	$ 589.0	$ 942.2	
Appropriations, Expenditures and Transfers Out	$ (504.5)	$ (893.7)	
Ending Balances	**$ 2,504.8**	**$ 3,258.5**	
Reserves as a Percent of Recurring Appropriations	*35.4%*	*43.7%*	

Notes:

1) Laws 2020 First Special Session, Chapter 3 and Chapter 5

2) Many nonrecurring appropriations, including specials and supplementals in the 2020 GAA, had authorization to spend in FY20 or FY21 - amounts that were not allotted in FY20 become encumbrances for FY21

* Note: totals may not foot due to rounding

Table 4: General Fund Financial Summary

General Fund Financial Summary:
December 2021 Consensus Revenue Estimate and LFC Budget Recommendation

RESERVE DETAIL
(millions of dollars)

December 1, 2021
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	Estimate FY2021	Estimate FY2022	Estimate FY2023
OPERATING RESERVE			
Beginning Balance	$ 507.2	$ 347.5	$ 565.8
BOF Emergency Appropriations/Reversions		$ (2.5)	$ (2.5)
Transfers from/to Appropriation Account	$ (103.1)	$ 705.2	$ -
Transfers to Tax Stabilization Reserve	$ -	$ (484.3)	$ -
Disaster Allotments [1]	$ (6.7)	$ -	$ -
Transfer from (to) ACF/Other Appropriations	$ (50.0)	$ -	$ -
Revenues and Reversions	$ 0.1	$ -	$ -
Transfers from tax stabilization reserve	$ -	$ -	$ -
Transfers from tax stabilization reserve to restore balance to 1 percent [4]	$ -	$ -	$ -
Ending Balance	$ 347.5	$ 565.8	$ 563.3
APPROPRIATION CONTINGENCY FUND			
Beginning Balance	$ 6.7	$ 55.5	$ 47.5
Disaster Allotments	$ (13.0)	$ (16.0)	$ (16.0)
Other Appropriations	$ -	$ -	$ -
Transfers In [9]	$ 50.0	$ -	$ -
Revenue and Reversions	$ 11.7	$ 8.0	$ 8.0
Ending Balance	$ 55.5	$ 47.5	$ 39.5
STATE SUPPORT FUND			
Beginning Balance	$ 29.1	$ 4.0	$ (35.1)
Revenues [2]	$ -	$ -	$ -
Appropriations to State Support Reserve Fund [6]	$ 20.9		$ -
Impact Aid Liability FY20	$ (20.9)	$ (39.1)	
Impact Aid Liability FY21	$ (35.1)		$ -
Audit Adjustments[5]	$ 10.0	$ -	$ -
Ending Balance	$ 4.0	$ (35.1)	$ (35.1)
TOBACCO SETTLEMENT PERMANENT FUND (TSPF)			
Beginning Balance	$ 243.2	$ 285.3	$ 301.0
Transfers In [3]	$ 36.3	$ 12.0	$ 32.5
Appropriation to Tobacco Settlement Program Fund [3]	$ (36.3)	$ (12.0)	$ (16.3)
Gains/Losses	$ 42.1	$ 15.7	$ 16.6
Additional Transfers to/from TSPF	$ -	$ -	$ -
Ending Balance	$ 285.3	$ 301.0	$ 333.8
TAX STABILIZATION RESERVE (RAINY DAY FUND)			
Beginning Balance	$ 1,727.3	$ 1,812.6	$ 2,379.3
Revenues from Excess Oil and Gas Emergency School Tax	$ 342.7	$ 824.1	$ 448.3
Gains/Losses	$ 85.3	$ 82.4	$ 99.7
Transfers In (From Operating Reserve)	$ -	$ 484.3	$ -
Transfer Out to Operating Reserve [4]	$ -	$ -	$ -
Transfer Out to Early Childhood Trust Fund [7]	$ (342.7)	$ (824.1)	$ (448.3)
Ending Balance	$ 1,812.6	$ 2,379.3	$ 2,478.9
Percent of Recurring Appropriations	*25.1%*	*31.9%*	
TOTAL GENERAL FUND ENDING BALANCES	**$ 2,504.8**	**$ 3,258.5**	
Percent of Recurring Appropriations	*35.4%*	*43.7%*	

Notes:

1) DFA using operating reserve to cover disaster allotments due to low balance in the appropriation contingency fund.

2) Laws 2021, Chapter 137 (HB2, Section 10-11) includes a $15.5 million transfer from the repealed K-3 Plus Program Fund to the state support reserve. Audit shows the transfer was not made.

3) Laws 2020 First Special Session, Chapter 5 (HB1, Section 6-A) allows for use of 100% of FY21 revenue for tobacco program fund. DFA and LFC estimate $12 million in TSPF revenue due to expected arbitration ruling to affect FY22; Laws 2021, Chapter 60 (SB 187) allows use of 100% of revenue for tobacco program fund in FY22.

4) Laws 2020, Chapter 34 (House Bill 341) transfers from the tax stabilization reserve to the operating reserve if operating reserve balances are below one percent of appropriations, up to an amount necessary for the operating reserve to be at least one percent of total appropriations for the current year.

5) Laws 2020 First Special Session, Chapter 5 (HB1) provided for a reversion from the state equalization guarantee to the state support reserve fund - this reversion ($9.9 million) was supposed to occur at the end of FY20, but was not submitted before the audit, therefore is booked to FY21.

6) Laws 2021, Chapter 137 (HB2, Section 6-16) includes a $20.9 million appropriation to the state support reserve fund.

7) Laws 2020, Chapter 3 (HB83, Section 4) provides that oil and gas school tax revenue in excess of the five-year average be transferred to the Early Childhood Trust Fund instead of the tax stabilization reserves if reserve balances exceed 25 percent of recurring appropriations

* Note: totals may not foot due to rounding

American Rescue Plan Act Funding and Other Nonrecurring Recommendations

	Bus Unit	Agency Name	Language	LFC GF Recomm	Converted ARPA State Relief to GF	ARPA Capital	LEDA Reversion/Other	LFC Total Recomm	Description
1	218	Administrative Office of the Courts	For pretrial services monitoring.	$ -	$ 1,000.0	$ -	$ -	$ 1,000.0	For Pretrial services monitoring.
2	218	Administrative Office of the Courts	For judges retirement solvency.	$ 20,000.0	$ -	$ -	$ -	$ 20,000.0	For judicial retirement fund solvency
3	218	Administrative Office of the Courts	For state matching funds for district court upgrades contingent on enactment of legislation or similar legislation in the second session of the fifty-fifth legislature.	$ 20,000.0	$ -	$ -	$ -	$ 20,000.0	State matching funds for district court upgrades, contingent on legislation.
4	218	Administrative Office of the Courts	For a feasibility study to determine a new location for the magistrate court in Carrizozo in Lincoln county.	$ 22.0				$ 22.0	Carrizozo Magistrate Court Consolidation Feasibility Study $22 thousand.
5	218	Administrative Office of the Courts	For a feasibility study to determine a new location for the magistrate court in Clayton in Union county.	$ 22.0				$ 22.0	Clayton Magistrate Court Consolidation Feasibility Study $22 thousand.
6	218	Administrative Office of the Courts	For a feasibility study to determine a new location for the magistrate court in Fort Sumner in De Baca county.	$ 22.0				$ 22.0	Fort Sumner Magistrate Court Consolidation Feasibility Study $22 thousand.
7	333	Taxation and Revenue Department	To purchase and install a mail processing inserter.	$ 275.0				$ 275.0	Replacement of mail inserter $275 thousand.
8	341	Department of Finance and Administration	For New Mexico finance authority public private partnership hydrogen energy hubs contingent on enactment of legislation or similar legislation in the second session of the fifty-fifth legislature.	$ -	$ 150,000.0	$ -	$ -	$ 150,000.0	For public private partnership hydrogen energy hubs. New Mexico Finance Authority will administer the funds. Contingent on legislation.
9	341	Department of Finance and Administration	One hundred twenty-five million dollars ($125,000,000) of the appropriation shall be held by the department of finance and administration for future economic development diversification subject to future appropriation and one hundred five million dollars ($105,000,000) of the appropriation is to seed venture capital funding administered by the New Mexico finance authority contingent on enactment of such a program through legislation in the second session of the fifty-fifth legislature. The other state funds appropriation is from the local economic development act fund.	$ 71,000.0	$ 89,000.0	$ -	$ 70,000.0	$ 230,000.0	Repurpose unspent Local Economic Development Act recovery funds. With $125 million held for future economic diversification in an account at the Department of Finance and Administration subject to future appropriation and $105 million for New Mexico Finance Authority for seed and venture capital funding contingent on legislation.
10	341	Department of Finance and Administration	To the water project fund.	$ -	$ 39,000.0	$ -	$ -	$ 39,000.0	For the Water Project Fund. See severance tax bond package for additional $64 million.
11	341	Department of Finance and Administration	To the colonias infrastructure project fund.	$ -	$ 19,500.0	$ -	$ -	$ 19,500.0	For water projects in the Colonias Fund. See severance tax bond package for additional $32 million.
12	341	Department of Finance and Administration	To plan and design regional recreation centers and quality of life projects statewide.	$ 5,000.0	$ 50,000.0	$ -	$ -	$ 55,000.0	Regional recreation centers and quality of life projects for plan and design
13	341	Department of Finance and Administration	To build, rehabilitate and weatherize affordable housing and provide energy-efficient improvements for low-income households statewide, pursuant to the New Mexico Housing Trust Fund Act and the Affordable Housing Act, at least ten million dollars ($10,000,000) shall be expended on energy efficient housing.	$ -	$ 22,000.0	$ -	$ -	$ 22,000.0	For the housing trust fund, including $10 million energy efficiency housing. See severance tax bond package for additional $9 million.
14	341	Department of Finance and Administration	For soil and water conservation districts.	$ -	$ 10,000.0	$ -	$ -	$ 10,000.0	For New Mexico Department of Agriculture soil districts.
15	341	Department of Finance and Administration	For transparency and accountability of federal pandemic relief.	$ -	$ 1,000.0	$ -	$ -	$ 1,000.0	American Rescue Plan Act (ARPA) converted to general fund for accounting and reporting activities related to ARPA.

Table 5: American Rescue Plan Act and Other Nonrecurring Appropriations

American Rescue Plan Act Funding and Other Nonrecurring Recommendations

	Bus Unit	Agency Name	Language	LFC GF Recomm	Converted ARPA State Relief to GF	ARPA Capital	LEDA Reversion/Other	LFC Total Recomm	Description
16	342	Public School Insurance Authority	For employee health care coronavirus disease 2019 costs and testing.	$ -	$ 15,000.0	$ -	$ -	$ 15,000.0	For employee health care COVID costs and testing
17	350	General Services Department	To the employee group health benefits program, for public employee health care costs and testing related to coronavirus disease 2019.	$ -	$ 15,000.0	$ -	$ -	$ 15,000.0	For employee health care COVID costs and testing
18	350	General Services Department	To plan, design, construct, furnish and equip, including demolition of existing structures, an executive office building in Santa Fe.	$ 70,000.0	$ -	$ -	$ -	$ 70,000.0	For an executive office building in Santa Fe. See severance tax bond package for additional $15 million.
19	361	Department of Information Technology	To plan, design and construct broadband projects statewide. Up to one-hundred million dollars ($100,000,000) of this appropriation is for alternative broadband projects including satellite. Twenty-six million dollars ($26,000,000) of this appropriation is from the coronavirus state fiscal recovery funds transferred to the appropriation contingency fund of the general fund during the second special session of the fifty-fifth legislature and one hundred twenty-three million sixty-six thousand eight hundred dollars ($123,066,800) of this appropriation is from the coronavirus capital projects fund authorized in the American Rescue Plan Act of 2021.	$ -	$ 26,000.0	$ 123,066.8	$ -	$ 149,066.8	For broadband statewide.
20	418	Tourism Department	For tourism marketing and advertising.	$ -	$ 15,000.0	$ -	$ -	$ 15,000.0	For advertising and industry assistance.
21	419	Economic Development Department	To the local economic development act fund. Thirty million dollars ($30,000,000) of this appropriation is for speculative business space development and ten million dollars ($10,000,000) of this appropriation is for research and development.	$ -	$ 40,000.0	$ -	$ -	$ 40,000.0	For Local Economic Development Act, including $30 million for speculative business space and $10 million focused on research and development.
22	419	Economic Development Department	For outdoor recreation. The appropriation includes seven million dollars ($7,000,000) for outdoor recreation grants contingent on a fifty percent local match of expenditures, and three million dollars ($3,000,000) for the outdoor equity fund.	$ -	$ 10,000.0	$ -	$ -	$ 10,000.0	Outdoor recreation matching grants.
23	440	Office of Superintendent of Insurance	To the patients' compensation fund.	$ 30,000.0	$ -	$ -	$ -	$ 30,000.0	To ensure solvency of patients' compensation fund.
24	460	New Mexico State Fair	For lost revenue due to coronavirus disease 2019 closures.	$ -	$ 5,000.0	$ -	$ -	$ 5,000.0	For lost revenue due to COVID closures.
25	490	Cumbres and Toltec Scenic Railroad Commission	For deferred railroad maintenance and prior year shortfalls due to revenue lost during the corona virus disease 2019 shut down.	$ -	$ 3,000.0	$ -	$ -	$ 3,000.0	For maintenance of Cumbres & Toltec Railroad.
26	505	Department of Cultural Affairs	To the rural libraries endowment fund.	$ -	$ 10,000.0	$ -	$ -	$ 10,000.0	For the rural library endowment fund.
27	505	Department of Cultural Affairs	To plan, design, construct, improve, renovate, furnish and equip facilities and infrastructure, including fire suppression and mitigation, climate control, security systems and exhibits at museums, monuments and historic sites outside of Santa Fe county statewide.	$ -	$ 5,000.0	$ -	$ -	$ 5,000.0	For projects outside of Santa Fe County.
28	516	Department of Game and Fish	To acquire property for the State Game Commission statewide.	$ -	$ 5,000.0	$ -	$ -	$ 5,000.0	Another $5 million is included in the capital outlay framework.

Table 5: American Rescue Plan Act and Other Nonrecurring Appropriations

American Rescue Plan Act Funding and Other Nonrecurring Recommendations

	Bus Unit	Agency Name	Language	LFC GF Recomm	Converted ARPA State Relief to GF	ARPA Capital	LEDA Reversion/Other	LFC Total Recomm	Description
29	521	Energy, Minerals and Natural Resources Department	Five million dollars ($5,000,000) of this appropriation is to plan, design, construct, renovate and equip improvements at Red Rock Park in Gallup in McKinley County and twenty million dollars ($20,000,000) of this appropriation is to plan, design, construct, improve, renovate, furnish and equip facilities and infrastructure at state parks statewide.	$ -	$ 25,000.0	$ -	$ -	$ 25,000.0	State Parks and Red Rock Park.
30	521	Energy, Minerals and Natural Resources Department	To the forest land protection revolving fund for statewide forest and watershed management, treatment, and restoration projects and to carry out the purposes of the Forest and Watershed Restoration Act.	$ -	$ 20,000.0	$ -	$ -	$ 20,000.0	Watershed restoration, forestry, and fire fighting teams.
31	521	Energy, Minerals and Natural Resources Department	For wildfire prevention, readiness, and firefighting equipment in the healthy forests program.		$ 5,000.0			$ 5,000.0	For wildfire prevention.
32	521	Energy, Minerals and Natural Resources Department	To plan, plug, remediate and reclaim abandoned oil and gas wells, including leveraging federal funds, statewide.	$ -	$ 3,500.0	$ -	$ -	$ 3,500.0	Orphan well planning and implementation to leverage federal funds.
33	550	State Engineer	To the Indian water rights settlement fund. Notwithstanding the requirement for a joint resolution of the legislature in Subsection A of Section 72-1-11 NMSA 1978, if a corresponding commitment has been made for the federal portion of the settlements in the Aamodt case, the money may be expended by the interstate stream commission to implement the state's portion of the settlement, and any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert.	$ 37,000.0	$ -	$ -	$ -	$ 37,000.0	For completion of water projects for the Aamodt Water Settlement. See severance tax bond package for additional $10.6 million.
34	609	Indian Affairs Department	For water project in the tribal infrastructure project fund.	$ -	$ 19,500.0	$ -	$ -	$ 19,500.0	For water projects in the tribal infrastructure fund. See severance tax bond package for additional $32 million.
35	630	Human Services Department	The human services department shall work with the children, youth and families department to develop evidence-based behavioral health child welfare intervention and prevention services that are eligible for federal medical assistance percentage rate matching funds or federal title IV-E families first reimbursement.	$ -	$ 20,000.0	$ -	$ -	$ 20,000.0	For evidence-based behavioral health and child welfare capacity building and training.
36	630	Human Services Department	To assist food banks in meeting the needs of food-insecure New Mexicans.	$ -	$ 5,000.0	$ -	$ -	$ 5,000.0	For food banks.
37	630	Human Services Department	For hospitals' labor costs in response to coronavirus disease 2019 to be matched with federal medicaid revenue.	$ 12,000.0	$ -	$ -	$ -	$ 12,000.0	For hospitals' response to COVID induced labor costs to be matched with Medicaid for a total of $60 million.
38	631	Workforce Solutions Department	Five million dollars ($5,000,000) of the appropriation is for evidence-based re-employment case management and five million dollars ($5,000,000) of the appropriation is for youth reemployment and apprenticeships.	$ -	$ 10,000.0	$ -	$ -	$ 10,000.0	Five million dollars for evidence-based re-employment case management and $5 million for youth re-employment & apprenticeships.
39	667	Department of Environment	To plan, design and construct projects to improve surface water quality and river habitats statewide	$ -	$ 10,000.0	$ -	$ -	$ 10,000.0	For surface water quality initiatives statewide.
40	805	Department of Transportation	To plan, design and construct infrastructure projects statewide.	$ 300,000.0	$ 50,000.0	$ -	$ -	$ 350,000.0	For major state road infrastructure projects. See attached list.
41	805	Department of Transportation	To the local governments road fund.	$ 40,000.0	$ 40,000.0	$ -	$ -	$ 80,000.0	For local roads

Table 5: American Rescue Plan Act and Other Nonrecurring Appropriations

American Rescue Plan Act Funding and Other Nonrecurring Recommendations

	Bus Unit	Agency Name	Language	LFC GF Recomm	Converted ARPA State Relief to GF	ARPA Capital	LEDA Reversion/Other	LFC Total Recomm	Description
42	805	Department of Transportation	For statewide rest stop upgrades.	$ 20,000.0	$ -	$ -	$ -	$ 20,000.0	For rest stop upgrades statewide. See attached list.
43	805	Department of Transportation	To plan, design and construct vehicle charging stations statewide.	$ 10,000.0	$ -	$ -	$ -	$ 10,000.0	To plan and design charging stations statewide.
44	805	Department of Transportation	To plan, design, construct, renovate and equip electric vehicle charging stations statewide	$ 15,000.0	$ -	$ -	$ -	$ 15,000.0	To plan and design regional airport upgrades.
45	805	Department of Transportation	To purchase heavy equipment. Equal distributions of one million five-hundred thousand dollars ($1,500,000) shall be distributed to each department of transportation district.	$ -	$ 9,000.0	$ -	$ -	$ 9,000.0	For Heavy Equipment $1.5 million going to each district
46	805	Department of Transportation	For the clean up New Mexico roadway beautification program.		$ 10,000.0			$ 10,000.0	To plan, design and construct roadway beautification projects statewide.
47	924	Public Education Department	To plan, design and construct tribal libraries and expand access to broadband on tribal lands. Two million dollars ($2,000,000) of this appropriation shall be used for plan and design. The department shall coordinate with the indian affairs department and department of cultural affairs to make awards. The federal funds appropriation is from the coronavirus capital projects fund authorized in the American Rescue Plan Act of 2021.	$ -	$ -	$ 10,000.0	$ -	$ 10,000.0	For tribal broadband access and library planning, design, and construction.
48	924	Public Education Department	To plan, design, construct, furnish and equip dormitories at the New Mexico School for the Arts in Santa Fe in Santa Fe county.	$ 5,050.0	$ -	$ -	$ -	$ 5,050.0	New Mexico School for the Arts dormitory construction.
49	950	Higher Education Department	To the technology enhancement fund.	$ 50,000.0	$ -	$ -	$ -	$ 50,000.0	For state matching funds on federal research and development grants to close funding gaps. Section 21-1-27.2 tech enhancement fund.
50	950	Higher Education Department	To the lottery tuition fund.	$ -	$ 150,000.0	$ -	$ -	$ 150,000.0	For the Lottery Scholarship Fund
51	950	Higher Education Department	For the opportunity scholarship.	$ 5,000.0	$ 38,000.0	$ -	$ -	$ 43,000.0	For the Opportunity Scholarship.
52	950	Higher Education Department	For work study for students in high demand degree fields as determined by the higher education department.	$ -	$ 25,000.0	$ -	$ -	$ 25,000.0	For work study for students in high demand degree fields.
53	950	Higher Education Department	To the higher education program development enhancement fund for endowed faculty positions in nursing programs at New Mexico public and tribal institutions of higher education.		$ 15,000.0			$ 15,000.0	For endowed nursing faculty positions. See $50 million in Section 5 special appropriations from public education reform fund.
54	950	Higher Education Department	For endowed faculty positions in social worker programs at New Mexico public and tribal institutions of higher education.		$ 50,000.0			$ 50,000.0	For endowed social worker faculty positions.
55	950	Higher Education Department	For endowed faculty positions in nursing programs at New Mexico public and tribal institutions of higher education.		$ 35,000.0			$ 35,000.0	For endowed nursing faculty positions.
56	-	-	**Total Other Nonrecurring**	**$ 710,391.0**	**$ 1,070,500.0**	**$ 133,066.8**	**$ 70,000.0**	**$ 1,983,957.8**	
57			**Total Sections 5 and 6 General fund without IT Transfer**	**$ 171,014.3**				**$ 171,014.3**	
58			**Total Section 7 General Fund to Comp. Sys Enhancement Fund**	**$ 57,066.8**				**$ 57,066.8**	
59			**Supplemental GAA**	**$ 25,000.0**				**$ 25,000.0**	
60			**Public Ed Reform Fund/Other**				**$ 90,000.0**	**$ 90,000.0**	
61			**Total Nonrecurring General Fund**	**$ 963,472.1**				**$ 2,327,038.9**	

Session 2022 Section 5, 6, 7 Appropriations
(in thousands)

Item Number	GAA Section	Bus Unit	Agency Name	Language	GF Request	OS Request	Int Request	Fed Request	Total Request	LFC GF Recomm	LFC OS Recomm	LFC Int Recomm	LFC Fed Recomm	LFC Total Recomm
1	5	218	Administrative Office of the Courts	For a ten percent salary increase for all judiciary staff excluding judges.	$ 9,842.1	$ -	$ -	$ -	$ 9,842.1	$ -	$ -	$ -	$ -	$ -
2	5	218	Administrative Office of the Courts	For a 30 percent salary increase for all District Court, Court of Appeals, Supreme Court and Metropolitan Court Judges, bringing the Supreme Court Justice pay to federal magistrate judges' level of pay in New Mexico.	$ 6,898.5	$ -	$ -	$ -	$ 6,898.5	$ -	$ -	$ -	$ -	$ -
3	5	218	Administrative Office of the Courts	For two internal auditors.	$ 158.0	$ -	$ -	$ -	$ 158.0	$ -	$ -	$ -	$ -	$ -
4	5	218	Administrative Office of the Courts	For three data analysts.	$ 300.0	$ -	$ -	$ -	$ 300.0	$ -	$ -	$ -	$ -	$ -
5	5	218	Administrative Office of the Courts	For lease costs	$ 1,300.0	$ -	$ -	$ -	$ 1,300.0	$ -	$ -	$ -	$ -	$ -
6	5	218	Administrative Office of the Courts	For 2 statewide staff positions to provide support to local Criminal Justice Coordinating Councils statewide.	$ 200.0	$ -	$ -	$ -	$ 200.0	$ -	$ -	$ -	$ -	$ -
7	5	218	Administrative Office of the Courts	For a database storage system.	$ 500.0	$ -	$ -	$ -	$ 500.0	$ -	$ -	$ -	$ -	$ -
8	5	218	Administrative Office of the Courts	For a subscription service for a data-sharing platform to enable justice partners to share case management and jail management data.	$ 700.0	$ -	$ -	$ -	$ 700.0	$ -	$ -	$ -	$ -	$ -
9	5	218	Administrative Office of the Courts	For a real-time review and action on electronic monitoring of pretrial defendants.	$ 880.0	$ -	$ -	$ -	$ 880.0	$ 250.0	$ -	$ -	$ -	$ 250.0
10	5	218	Administrative Office of the Courts	To expand the remote appearance capability of the administrative office of the courts.	$ 200.0	$ -	$ -	$ -	$ 200.0	$ -	$ -	$ -	$ -	$ -
11	5	218	Administrative Office of the Courts	To expand a statewide criminal justice data-sharing system.	$ 1,100.0	$ -	$ -	$ -	$ 1,100.0	$ -	$ -	$ -	$ -	$ -
12	5	218	Administrative Office of the Courts	For pretrial personnel and equipment for the pretrial services program.	$ 500.0	$ -	$ -	$ -	$ 500.0	$ -	$ -	$ -	$ -	$ -
13	5	218	Administrative Office of the Courts	For the judicial education center operating expenses.	$ 1,036.0	$ -	$ -	$ -	$ 1,036.0	$ -	$ -	$ -	$ -	$ -
14	5	218	Administrative Office of the Courts	For a unified appropriation for magistrate court security personnel.	$ 1,570.3	$ -	$ -	$ -	$ 1,570.3	$ 850.0	$ -	$ -	$ -	$ 850.0
15	5	218	Administrative Office of the Courts	To support IT positions funded by other state funds.	$ 1,148.3	$ -	$ -	$ -	$ 1,148.3	$ -	$ -	$ -	$ -	$ -
16	5	218	Administrative Office of the Courts	For two pretrial supervision officers.	$ 116.8	$ -	$ -	$ -	$ 116.8	$ -	$ -	$ -	$ -	$ -
17	5	218	Administrative Office of the Courts	For pretrial services for IT equipment and furniture for the expansion of new sites.	$ 1,130.0	$ -	$ -	$ -	$ 1,130.0	$ -	$ -	$ -	$ -	$ -
18	5	218	Administrative Office of the Courts	To install security access control and cameras in Valencia county magistrate court in Belen.	$ 398.6	$ -	$ -	$ -	$ 398.6	$ -	$ -	$ -	$ -	$ -
19	5	218	Administrative Office of the Courts	To install security access control and cameras in Lea county magistrate court in Lovington.	$ 403.7	$ -	$ -	$ -	$ 403.7	$ -	$ -	$ -	$ -	$ -
20	5	218	Administrative Office of the Courts	To install security access control and cameras in Lincoln county magistrate court in Ruidoso.	$ 407.0	$ -	$ -	$ -	$ 407.0	$ -	$ -	$ -	$ -	$ -
21	5	218	Administrative Office of the Courts	To install security access control and cameras in Colfax county magistrate court in Springer.	$ 196.1	$ -	$ -	$ -	$ 196.1	$ -	$ -	$ -	$ -	$ -
22	5	218	Administrative Office of the Courts	Unified magistrate court security technology appropriation	$ -	$ -	$ -	$ -	$ -	$ 1,200.0	$ -	$ -	$ -	$ 1,200.0
23	5	218	Administrative Office of the Courts	For the special court services program for increased expenses related to child representation, access to justice and to expand services provided by the administrative office of the courts adult guardianship program.	$ 235.0	$ -	$ -	$ -	$ 235.0	$ -	$ -	$ -	$ -	$ -
24	5	218	Administrative Office of the Courts	To conduct off-site jury trials and related expenses.	$ 648.0	$ -	$ -	$ -	$ 648.0	$ -	$ -	$ -	$ -	$ -
25	5	218	Administrative Office of the Courts	To develop and provide regular training to local pretrial programs, courts and staff.	$ 200.0	$ -	$ -	$ -	$ 200.0	$ -	$ -	$ -	$ -	$ -
26	5	218	Administrative Office of the Courts	Unified appropriation for cars and equipment for district courts	$ -	$ -	$ -	$ -	$ -	$ 465.0	$ -	$ -	$ -	$ 465.0
27	5	218	Administrative Office of the Courts	To purchase and install software and hardware for the video network operations center to replace and maintain video equipment at statewide detention centers and courts.	$ 270.0	$ -	$ -	$ -	$ 270.0	$ -	$ -	$ -	$ -	$ -
28	5	231	First Judicial District Court	To provide upgrades necessary to provide adequate backup storage of data files.	$ 120.0	$ -	$ -	$ -	$ 120.0		$ -	$ -	$ -	$ -
29	5	231	First Judicial District Court	To purchase two walk-through metal detectors for the district court courthouse in Santa Fe county.	$ 10.0	$ -	$ -	$ -	$ 10.0	$ -	$ -	$ -	$ -	$ -
30	5	231	First Judicial District Court	To purchase a vehicle to be used by judges and employees of the first judicial district who are required to travel throughout the state.	$ 35.0	$ -	$ -	$ -	$ 35.0	$ -	$ -	$ -	$ -	$ -
31	5	232	Second Judicial District Court	To fund the second judicial district court's existing foreclosure settlement facilitation program and an expansion of the program.	$ 488.4	$ -	$ -	$ -	$ 488.4	$ -	$ -	$ 488.4	$ -	$ 488.4
32	5	232	Second Judicial District Court	To fund seven term positions to establish an after-hours electronic monitoring division for the pretrial services program.	$ 741.3	$ -	$ -	$ -	$ 741.3	$ -	$ -	$ -	$ -	$ -
33	5	232	Second Judicial District Court	Add speech-to-text capabilities to the court's digital court recording platform and secure storage service.	$ 55.0	$ -	$ -	$ -	$ 55.0	$ -	$ -	$ -	$ -	$ -

Table 6: Special, Supplemental, Deficiency and IT Recommendations

Session 2022 Section 5, 6, 7 Appropriations
(in thousands)

Item Number	GAA Section	Bus Unit	Agency Name	Language	GF Request	OS Request	Int Request	Fed Request	Total Request	LFC GF Recomm	LFC OS Recomm	LFC Int Recomm	LFC Fed Recomm	LFC Total Recomm
34	5	232	Second Judicial District Court	For the development and initiation of a veterans' treatment court that will provide veterans with substance abuse and/or mental health issues with treatment as an alternative to incarceration.	$ 75.2	$ -	$ -	$ -	$ 75.2	$ -	$ -	$ -	$ -	$ -
35	5	232	Second Judicial District Court	To replace aging desktop/laptop computers, scanners, printers and monitors.	$ 867.6	$ -	$ -	$ -	$ 867.6	$ -	$ -	$ -	$ -	$ -
36	5	233	Third Judicial District Court	To provide funding for forensic audit at the district court.	$ 25.0	$ -	$ -	$ -	$ 25.0	$ -	$ -	$ -	$ -	$ -
37	5	233	Third Judicial District Court	To provide funding to replace audio system at the magistrate court in Dona Ana county.	$ 25.9	$ -	$ -	$ -	$ 25.9	$ -	$ -	$ -	$ -	$ -
38	5	233	Third Judicial District Court	To provide funding to upgrade the phones at the magistrate courts in Dona Ana county.	$ 64.8	$ -	$ -	$ -	$ 64.8	$ -	$ -	$ -	$ -	$ -
39	5	233	Third Judicial District Court	To provide funding to upgrade and expand the security camera system at the magistrate court in Dona Ana county.	$ 73.1	$ -	$ -	$ -	$ 73.1	$ -	$ -	$ -	$ -	$ -
40	5	234	Fourth Judicial District Court	Purchase of two vehicles for the Fourth Judicial Court sites	$ 54.3	$ -	$ -	$ -	$ 54.3	$ -	$ -	$ -	$ -	$ -
41	5	236	Sixth Judicial District Court	For a non-reoccurring appropriation for audio and visual presentation system to replace and upgrade in Sixth Judicial District Court - Grant County (courtroom I) and Sixth Judicial District Court - Luna, County (Courtroom I, III & IV).	$ 66.0	$ -	$ -	$ -	$ 66.0	$ -	$ -	$ -	$ -	$ -
42	5	238	Eighth Judicial District Court	To provide funding for jury assembly room digital displays in the Taos county courthouse.	$ 21.3	$ -	$ -	$ -	$ 21.3	$ -	$ -	$ -	$ -	$ -
43	5	238	Eighth Judicial District Court	To provide funding for a video conference cart to conduct court hearings and meetings remotely.	$ 15.0	$ -	$ -	$ -	$ 15.0	$ -	$ -	$ -	$ -	$ -
44	5	238	Eighth Judicial District Court	To providing funding for microfilming district court case records in Taos, Colfax, and Union counties.	$ 55.0	$ -	$ -	$ -	$ 55.0	$ -	$ -	$ -	$ -	$ -
45	5	239	Ninth Judicial District Court	For audio upgrades in jury ready courtrooms within the ninth judicial district court.	$ 51.4	$ -	$ -	$ -	$ 51.4	$ -	$ -	$ -	$ -	$ -
46	5	241	Eleventh Judicial District Court	To replace aged AED units at District Courts and install AED Units at Magistrate Courts for the Eleventh Judicial District Court.	$ 35.7	$ -	$ -	$ -	$ 35.7	$ -	$ -	$ -	$ -	$ -
47	5	241	Eleventh Judicial District Court	To complete upgrades to aging and out of date technology at Magistrate Courts.	$ 267.7	$ -	$ -	$ -	$ 267.7	$ -	$ -	$ -	$ -	$ -
48	5	241	Eleventh Judicial District Court	For furniture at the Farmington and Gallup Magistrate Courts.	$ 73.4	$ -	$ -	$ -	$ 73.4	$ -	$ -	$ -	$ -	$ -
49	5	241	Eleventh Judicial District Court	To replace two vehicles for the Eleventh Judicial District Court.	$ 57.2	$ -	$ -	$ -	$ 57.2	$ -	$ -	$ -	$ -	$ -
50	5	241	Eleventh Judicial District Court	$91,700 for Security Window Covering for the Eleventh Judicial District Courts.	$ 91.7	$ -	$ -	$ -	$ 91.7	$ -	$ -	$ -	$ -	$ -
51	5	243	Thirteenth Judicial District Court	The internal service funds/interagency transfers appropriation to the thirteenth judicial district court includes two hundred nine thousand nine hundred dollars ($209,900) from the mortgage regulatory fund of the regulation and licensing department for foreclosure mediation.	$ -	$ -	$ 209.9	$ -	$ 209.9	$ -	$ -	$ 209.0	$ -	$ 209.0
52	5	244	Bernalillo County Metropolitan Court	for the Bernalillo county metropolitan court to purchase hardware to refresh existing network storage equipment.	$ 73.2	$ -	$ -	$ -	$ 73.2	$ -	$ -	$ -	$ -	$ -
53	5	252	Second Judicial District Attorney	To hire two certified law enforcement agents to support a dedicated murdered and missing indigenous women and relatives unit.	$ 295.0	$ -	$ -	$ -	$ 295.0	$ -	$ -	$ -	$ -	$ -
54	5	252	Second Judicial District Attorney	The period of time for expending the six hundred thousand dollars ($600,000) appropriated from the general fund in Subsection 13 of Section 5 of Chapter 73 of Laws 2018 for a data-driven prosecution pilot program, the six hundred thousand dollars ($600,000) appropriated from the general fund in Subsection 14 of Section 5 of Chapter 73 of Laws 2018 for case prosecution and the eight hundred thousand dollars ($800,000) appropriated from the general fund in Subsection 15 of Section 5 of Chapter 73 of Laws 2018 to address case backlog is extended through fiscal year 2023 and the appropriations may be used for other purposes.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
55	5	264	Administrative Office of the District Attorneys	Any unexpended balances remaining at the end of fiscal year 2022 from revenues received in fiscal year 2022 and prior years by a district attorney from any Native American tribe, pueblo or political subdivision pursuant to a contract, memorandum of understanding, joint powers agreement or grant shall not revert and shall remain with the recipient district attorney's office for expenditure in fiscal year 2023. Prior to November 1, 2022, the administrative office of the district attorneys shall provide the department of finance and administration and the legislative finance committee a detailed report documenting the amount of all funds received from Native American tribes, pueblos and political subdivisions pursuant to a contract, memorandum of understanding, joint powers agreement or grant that do not revert at the end of fiscal year 2022 for each of the district attorneys and the administrative office of the district attorneys.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Table 6: Special, Supplemental, Deficiency and IT Recommendations

Session 2022 Section 5, 6, 7 Appropriations
(in thousands)

Item Number	GAA Section	Bus Unit	Agency Name	Language	GF Request	OS Request	Int Request	Fed Request	Total Request	LFC GF Recomm	LFC OS Recomm	LFC Int Recomm	LFC Fed Recomm	LFC Total Recomm
56	5	265	Administrative Office of the District Attorneys	Any unexpended balances remaining at the end of fiscal year 2022 from revenues received in fiscal year 2022 and prior years by a district attorney or the administrative office of the district attorneys from the United States department of justice pursuant to the southwest border prosecution initiative shall not revert and shall remain with the recipient district attorney's office for expenditure in fiscal year 2023. Prior to November 1, 2022, the administrative office of the district attorneys shall provide to the department of finance and administration and the legislative finance committee a detailed report documenting the amount of all southwest border prosecution initiative funds that do not revert at the end of fiscal year 2022 for each of the district attorneys and the administrative office of the district attorneys.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
57	5	280	Law Offices of the Public Defender	For backlogged jury trails	$ 845.0	$ -	$ -	$ -	$ 845.0	$ 200.0	$ -	$ -	$ -	$ 200.0
58	5	280	Law Offices of the Public Defender	For accounts to provide access to electronic discovery and software to help increase efficiency for attorneys and core staff and improve client representation.	$ 230.0	$ -	$ -	$ -	$ 230.0	$ -	$ -	$ -	$ -	$ -
59	5	280	Law Offices of the Public Defender	For IT equipment.	$ 429.0	$ -	$ -	$ -	$ 429.0	$ -	$ -	$ -	$ -	$ -
60	5	305	Attorney General	For litigation of the Rio Grande compact.	$ 4,000.0	$ -	$ -	$ -	$ 4,000.0	$ 4,000.0	$ -	$ -	$ -	$ 4,000.0
61	5	305	Attorney General	Multijurisdictional Taskforce and Financial Crimes Against Older, Disabled, or Vulnerable Adults	$ 400.0	$ -	$ -	$ -	$ 400.0	$ -	$ -	$ -	$ -	$ -
62	5	305	Attorney General	For expenditure to address harms to the state and its communities resulting from the Gold King mine release.	$ -	$ -	$ 4,288.5	$ -	$ 4,288.5	$ -	$ -	$ -	$ -	$ -
63	5	305	Attorney General	To provide enhanced training and assistance to district attorneys and law enforcement in the prosecution of sexual violence cases.	$ 2,000.0	$ -	$ -	$ -	$ 2,000.0	$ -	$ -	$ -	$ -	$ -
64	5	305	Attorney General	For tobacco litigation.	$ 1,000.0	$ -	$ -	$ -	$ 1,000.0	$ -	$ -	$ -	$ -	$ -
65	5	305	Attorney General	For representation in cases involving the State of New Mexico.	$ 4,000.0	$ -	$ -	$ -	$ 4,000.0	$ -	$ -	$ -	$ -	$ -
66	5	305	Attorney General	The period of time for expending the six million four hundred thousand dollars ($6,400,000) appropriated from the consumer settlement fund in item 23 of Section 5 of Chapter 137 of Laws 2021 for defending the Rio Grande compact is extended through fiscal year 2023.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
67	5	305	Attorney General	The period of time for expending the six hundred thousand dollars ($600,000) appropriated from the general fund in Subsection 13 of Section 5 of Chapter 73 of Laws 2018 for a data-driven prosecution pilot program, the six hundred thousand dollars ($600,000) appropriated from the general fund in Subsection 14 of Section 5 of Chapter 73 of Laws 2018 for case prosecution and the eight hundred thousand dollars ($800,000) appropriated from the general fund in Subsection 15 of Section 5 of Chapter 73 of Laws 2018 to address case backlog is extended through fiscal year 2023 and the appropriations may be used for other purposes.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
68	5	333	Taxation and Revenue Department	For a statewide tax preparation assistance program for low-income or elderly taxpayers.	$ 150.0	$ -	$ -	$ -	$ 150.0	$ -	$ -	$ -	$ -	$ -
69	5	333	Taxation and Revenue Department	Five million dollars ($5,000,000) is appropriated from the general fund to the taxation and revenue department for expenditures required to implement tax and motor code changes mandated in legislation. Any unexpended balances in the taxation and revenue department at the end of fiscal year 2022 from this appropriation shall not revert and shall be used exclusively for tax and motor vehicle code changes in fiscal year 2023 and fiscal year 2024 for the same purpose.	$ 5,000.0	$ -	$ -	$ -	$ 5,000.0	$ 3,000	$ -	$ -	$ -	$ 3,000.0

Table 6: Special, Supplemental, Deficiency and IT Recommendations

Session 2022 Section 5, 6, 7 Appropriations
(in thousands)

Item Number	GAA Section	Bus Unit	Agency Name	Language	GF Request	OS Request	Int Request	Fed Request	Total Request	LFC GF Recomm	LFC OS Recomm	LFC Int Recomm	LFC Fed Recomm	LFC Total Recomm
70	5	341	Department of Finance and Administration	For local law enforcement police officer retention stipends	$ -	$ -	$ -	$ -	$ -	$ 5,000	$ -	$ -	$ -	$ 5,000.0
71	5	341	Department of Finance and Administration	To the local government division of the department of finance and administration to the City of Gallup to renovate Red Rocks park	$ -	$ -	$ -	$ -	$ -	$ 300.0	$ -	$ -	$ -	$ 300.0
72	5	341	Department of Finance and Administration	Temporary employment and contractors to assist the local government division in advancing capital outlay projects and ARPA funded projects	$ -	$ -	$ -	$ -	$ -	$ 500.0	$ -	$ -	$ -	$ 500.0
73	5	341	Department of Finance and Administration	For personal services and employee benefits costs for the grants administration office.	$ -	$ -	$ -	$ -	$ -	$ 435.0	$ -	$ -	$ -	$ 435.0
74	5	343	Retiree Health Care Authority	For COVID-19 testing and treatments costs.	$ 9,760.4	$ -	$ -	$ -	$ 9,760.4	$ -	$ -	$ -	$ -	$ -
75	5	343	Retiree Health Care Authority	For expenditures related to Laws 2021, Chapter 136 eliminating cost sharing for mental and behavioral health services.	$ 15,059.7	$ -	$ -	$ -	$ 15,059.7	$ -	$ -	$ -	$ -	$ -
76	5	343	Retiree Health Care Authority	To support the full actuarial value associated with Senate Bill 315 of 2021 converting certain motor transportation officers participating under state retirement general plan 3 to the state police retirement plan.	$ 145.3	$ -	$ -	$ -	$ 145.3	$ -	$ -	$ -	$ -	$ -
77	5	350	General Services Department	To purchase vehicles.	$ 2,000.0	$ -	$ -	$ -	$ 2,000.0	$ 1,300.0	$ -	$ -	$ -	$ 1,300.0
78	5	354	New Mexico Sentencing Commission	To expand the funding for grants awarded under the Crime Reduction Grant act.	$ 822.0	$ -	$ -	$ -	$ 822.0	$ 2,000.0	$ -	$ -	$ -	$ 2,000.0
79	5	354	New Mexico Sentencing Commission	The period of time for expending the five hundred thousand ($500,000) transferred to the appropriation account of the general fund in Subsection 38 of Section 5 of Chapter 137 of Laws 2021 to study and redraft the Criminal Code and other criminal statutes is extended through June 30, 2023. The other state funds appropriation is from the consumer settlement fund at the office of the attorney general.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
80	5	370	Secretary of State	To conduct and administer elections.	$ 20,000.0	$ -	$ -	$ -	$ 20,000.0	$ -	$ -	$ -	$ -	$ -
81	5	370	Secretary of State	The period of time for expending the three million forty-six thousand eight hundred dollars ($3,046,800) appropriated from the general fund in Subsection 40 of Section 5 of Chapter 137 of Laws 2021 to conduct and administer a special election is extended through fiscal year 2023 and can be used for costs related to the 2022 primary election.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
82	5	370	Secretary of State	For the purchase and installation of servers to support the technology systems of the secretary of state's office.	$ 100.0	$ -	$ -	$ -	$ 100.0	$ 100.0	$ -	$ -	$ -	$ 100.0
83	5	370	Secretary of State	For converting permanent records to microfilm.	$ 80.0	$ -	$ -	$ -	$ 80.0	$ 80.0	$ -	$ -	$ -	$ 80.0
84	5	370	Secretary of State	For enhancements to the statewide election reporting and voter information system.	$ 100.0	$ -	$ -	$ -	$ 100.0	$ 100.0	$ -	$ -	$ -	$ 100.0
85	5	370	Secretary of State	To purchase replacement scanners for mail in ballot tabulators.	$ 170.0	$ -	$ -	$ -	$ 170.0	$ 170.0	$ -	$ -	$ -	$ 170.0
86	5	379	Public Employee Labor Relations Board	For website, telecommunications costs and IT needs.	$ 20.7	$ -	$ -	$ -	$ 20.7	$ 25.0	$ -	$ -	$ -	$ 25.0
87	5	379	Public Employee Labor Relations Board	Four thousand seven hundred dollars ($4,700) is appropriated to the public employee labor relations board for personal services and employee benefits costs.	$ 4.7	$ -	$ -	$ -	$ 4.7	$ -	$ -	$ -	$ -	$ -

Table 6: Special, Supplemental, Deficiency and IT Recommendations

Session 2022 Section 5, 6, 7 Appropriations
(in thousands)

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88	5	379	Public Employee Labor Relations Board	Four thousand five hundred dollars ($4,500) is appropriated to the Public Employees Labor Relations Board to purchase file cabinets to accommodate their expanding caseload.	$ 4.5	$ -	$ -	$ -	$ 4.5	$ -	$ -	$ -	$ -	$ -
89	5	394	State Treasurer	For the work and save program.	$ -	$ -	$ -	$ -	$ -	$ 400.0	$ -	$ -	$ -	$ 400.0
90	5	418	Tourism Department	Ecommerce Marketplace Initiative	$ 750.0	$ -	$ -	$ -	$ 750.0	$ -	$ -	$ -	$ -	$ -
91	5	418	Tourism Department	New Mexico Magazine 100th year commemorative initiative	$ 150.0	$ -	$ -	$ -	$ 150.0	$ -	$ -	$ -	$ -	$ -
92	5	418	Tourism Department	Branded partnerships between NM True and Special Olympics.	$ 350.0	$ -	$ -	$ -	$ 350.0	$ 350.0	$ -	$ -	$ -	$ 350.0
93	5	418	Tourism Department	for the development and implementation of an interactive kiosk system.	$ -	$ -	$ -	$ -	$ -	$ 800.0	$ -	$ -	$ -	$ 800.0
94	5	419	Economic Development Department	To establish a bioscience business incubator to support start-ups and early-stage New Mexico bioscience companies.	$ 1,500.0	$ -	$ -	$ -	$ 1,500.0	$ -	$ -	$ -	$ -	$ -
95	5	419	Economic Development Department	For marketing materials.	$ 1,500.0	$ -	$ -	$ -	$ 1,500.0	$ -	$ -	$ -	$ -	$ -
96	5	419	Economic Development Department	To the economic development division of the economic development department for a collaborative marketing effort with local and regional economic development organizations.	$ 500.0	$ -	$ -	$ -	$ 500.0	$ -	$ -	$ -	$ -	$ -
97	5	419	Development Department	To the economic development department film division for the creation of a new film training academy.	$ 50,000.0	$ -	$ -	$ -	$ 50,000.0	$ -	$ -	$ -	$ -	$ -
98	5	419	Economic Development Department	To the development training fund for the job training incentive program. Any unexpended balances remaining at the end of fiscal year 2023 shall not revert and may be expended in future fiscal years.	$ 7,000.0	$ -	$ -	$ -	$ 7,000.0	$ 7,000.0	$ -	$ -	$ -	$ 7,000.0
99	5	419	Economic Development Department	To the Local Economic Development Act Fund for economic development projects pursuant to the Local Economic Development Act. Any unexpended balances remaining at the end of fiscal year 2023 shall not revert and may be expended in future fiscal years.	$ 30,000.0	$ -	$ -	$ -	$ 30,000.0	$ -	$ -	$ -	$ -	$ -
100	5	419	Economic Development Department	To the Local Economic Development Act Fund for infrastructure projects at community-owned business and industrial parks pursuant to the Local Economic Development Act. Any unexpended balances remaining at the end of fiscal year 2023 shall not revert and may be expended in future fiscal years.	$ 50,000.0	$ -	$ -	$ -	$ 50,000.0	$ -	$ -	$ -	$ -	$ -
101	5	419	Economic Development Department	To the outdoor equity fund for program grants for communities and nonprofits.	$ 3,000.0	$ -	$ -	$ -	$ 3,000.0	$ -	$ -	$ -	$ -	$ -
102	5	419	Economic Development Department	To the outdoor recreation division for marketing materials.	$ 250.0	$ -	$ -	$ -	$ 250.0	$ -	$ -	$ -	$ -	$ -
103	5	419	Economic Development Department	To the outdoor recreation trails and infrastructure fund for infrastructure planning and construction grants for communities and nonprofits.	$ 7,000.0	$ -	$ -	$ -	$ 7,000.0	$ -	$ -	$ -	$ -	$ -
104	5	419	Economic Development Department	To the film division at the economic development department for higher education film curriculum and instructional material development.	$ 500.0	$ -	$ -	$ -	$ 500.0	$ -	$ -	$ -	$ -	$ -

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105	5	420	Regulation and Licensing Department	To purchase vehicles for the construction industries program.	$ 811.1	$ -	$ -	$ -	$ 811.1	$ -	$ -	$ 811.1	$ -	$ 811.1
106	5	430	Public Regulation Commission	For furniture for the Bokum building to maximize office space and provide shared office space for teleworking staff.	$ 260.0	$ -	$ -	$ -	$ 260.0	$ 150.0	$ -	$ -	$ -	$ 150.0
107	5	440	Office of the Superintendent of Insurance	For the implementation of the Health Care Affordability Fund program and for two additional full time equivalent staff personnel to prepare for program implementation. Funds from the Health Care Affordability Fund.	$ -	$ 224.1	$ -	$ -	$ 224.1	$ -	$ -	$ -	$ -	$ -
108	5	469	State Racing Commission	For payment of charges associated with the federal horseracing integrity and safety act contingent on receiving notice from the federal government that such expenditures must be paid.	$ 500.0	$ -	$ -	$ -	$ 500.0	$ 500	$ -	$ -	$ -	$ 500.0
109	5	505	Cultural Affairs Department	for staff and operational costs for the facilities management division	$ 150.0	$ -	$ -	$ -	$ 150.0	$ -	$ -	$ -	$ -	$ -
110	5	505	Cultural Affairs Department	to the tribal libraries endowment fund.	$ 20,000.0	$ -	$ -	$ -	$ 20,000.0	$ -	$ -	$ -	$ -	$ -
111	5	505	Cultural Affairs Department	for staff and other costs to open and operate the New Mexico Museum of Art – Vladem Contemporary.	$ 200.0	$ -	$ -	$ -	$ 200.0	$ 200.0	$ -	$ -	$ -	$ 200.0
112	5	508	New Mexico Livestock Board	To provide funding for refresh of the server environment.	$ 217.0	$ -	$ -	$ -	$ 217.0	$ 217.0	$ -	$ -	$ -	$ 217.0
113	5	516	Department of Game and Fish	To implement conservation actions for species of greatest conservation need. The appropriation is from the general fund.	$ 9,000.0	$ -	$ -	$ -	$ 9,000.0	$ 500.0	$ -	$ -	$ -	$ 500.0
114	5	521	Energy, Minerals and Natural Resources Department	To implement a Community Energy Efficiency Program in underserved communities.	$ 10,000.0	$ -	$ -	$ -	$ 10,000.0	$ 10,000.0	$ -	$ -	$ -	$ 10,000.0
115	5	521	Energy, Minerals and Natural Resources Department	For the purchase of 141 acres of private land that is contiguous to Coyote Creek State Park.	$ 350.0	$ -	$ -	$ -	$ 350.0	$ 350.0	$ -	$ -	$ -	$ 350.0
116	5	521	Energy, Minerals and Natural Resources Department	For the replacement of EMNRD agency vehicles and emergency response radios.	$ 556.2	$ -	$ -	$ -	$ 556.2	$ 250.0	$ -	$ -	$ -	$ 250.0
117	5	521	Energy, Minerals and Natural Resources Department	For the acquisition of conservation easements and restoration projects for forest and watershed health under the land of enchantment conservation program .	$ 20,000.0	$ -	$ -	$ -	$ 20,000.0	$ -	$ -	$ -	$ -	$ -
118	5	538	Intertribal Ceremonial Office	For event brand partnership between New Mexico True and Intertribal Ceremonial Office.	$ 100.0	$ -	$ -	$ -	$ 100.0	$ -	$ -	$ -	$ -	$ -
119	5	550	State Engineer	To develop risk-informed evaluations of publicly-owned dams and to develop risk-informed design principles for New Mexico dams.	$ 300.0	$ -	$ -	$ -	$ 300.0	$ -	$ -	$ -	$ -	$ -
120	5	550	State Engineer	To develop a 50-year water plan.	$ 350.0	$ -	$ -	$ -	$ 350.0	$ -	$ -	$ -	$ -	$ -
121	5	550	State Engineer	For Jicarilla Apache Nation water lease for San Juan River Strategic Water Reserve for compact compliance and ESA issues	$ 500.0	$ -	$ -	$ -	$ 500.0	$ 500.0	$ -	$ -	$ -	$ 500.0
122	5	550	State Engineer	To fund agency implementation of the 2019 Water Data Act	$ 1,380.0	$ -	$ -	$ -	$ 1,380.0	$ -	$ -	$ -	$ -	$ -
123	5	550	State Engineer	to replenish the depleted Improvement of the Rio Grande Income Fund	$ 3,000.0	$ -	$ -	$ -	$ 3,000.0	$ -	$ -	$ -	$ -	$ -
124	5	550	State Engineer	to replenish the depleted Improvement of the Irrigation Works Construction Fund	$ 7,000.0	$ -	$ -	$ -	$ 7,000.0	$ -	$ -	$ -	$ -	$ -

Session 2022 Section 5, 6, 7 Appropriations
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125	5	550	State Engineer	For water litigation, litigation avoidance and compliance activities related to the Colorado river interstate compacts and related agreements	$ 750.0	$ -	$ -	$ -	$ 750.0	$ 750.0	$ -	$ -	$ -	$ 750.0
126	5	550	State Engineer	For litigation, mediation or settlement of interstate compact litigation. For expenditures in fiscal years 2022, 2023, and 2024	$ 6,000.0	$ -	$ -	$ -	$ 6,000.0	$ 4,000.0	$ -	$ -	$ -	$ 4,000.0
127	5	550	State Engineer	For implementation of the 2003 Pecos settlement agreement or drought relief activities on the Pecos. For expenditure in fiscal years 2022, 2023, and 2024.	$ 2,000.0	$ -	$ -	$ -	$ 2,000.0	$ 2,000.0	$ -	$ -	$ -	$ 2,000.0
128	5	601	COMMISSION GENERAL FUND	New Mexico Commission on the Status of Women requests operational funding for State Fiscal Year 23	$ 285.0	$ -	$ -	$ -	$ 285.0	$ -	$ -	$ -	$ -	$ -
129	5	601	COMMISSION GENERAL FUND	The period of time for expending the one hundred thousand dollars ($100,000) appropriated from the general fund in Section 17 of Chapter 278 of Laws 2019 to fund the commission on the status of women pursuant to Section 28-3-2 NMSA 1978, the fifty thousand dollars ($50,000) appropriated from the general fund in Section 58 of Chapter 278 of Laws 2019 for operational expenses, the fifty-five thousand dollars ($55,000) appropriated from the general fund in Section 13 of Chapter 279 of Laws 2019 for operational expenses and the eighty thousand dollars ($80,000) appropriated from the general fund in Section 48 of Chapter 279 of Laws 2019 for operational expenses is extended through fiscal year 2022 is further expended through 2023	$ 256.6	$ -	$ -	$ -	$ 256.6	$ -	$ -	$ -	$ -	$ -
130	5	603	Office of African American Affairs	To develop a repository of New Mexico specific African American images.	$ 45.0	$ -	$ -	$ -	$ 45.0	$ -	$ -	$ -	$ -	$ -
131	5	609	Indian Affairs Department	To plan, design, construct, furnish and equip tribal libraries.	$ 6,000.0	$ -	$ -	$ -	$ 6,000.0	$ -	$ -	$ -	$ -	$ -
132	5	611	Early Childhood Education and Care Department	For a electronic data management system.	$ -	$ 1,250.0	$ -	$ -	$ 1,250.0	$ -	$ -	$ -	$ -	$ -
133	5	624	Aging and Long-Term Services Department	For advancements to aging network providers.	$ 600.0	$ -	$ -	$ -	$ 600.0	$ 600.0	$ -	$ -	$ -	$ 600.0
134	5	624	Aging and Long-Term Services Department	and subsequent fiscal years to provide high-need services, workforce development programs, home and community-based care coordinated services, and public awareness campaigns that address Alzheimer's and dementia. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the	$ 1,000.0	$ -	$ -	$ -	$ 1,000.0	$ -	$ -	$ -	$ -	$ -
135	5	624	Aging and Long-Term Services Department	For the Kiki Saavedra dignity fund.	$ 200.0	$ -	$ -	$ -	$ 200.0	$ -	$ -	$ -	$ -	$ -
136	5	630	Human Services Department	For settlement payment of federal SNAP Program $163.7 million overpayment claim. The proposed payment amount includes three million dollars ($3,000,000) for use in fiscal year 2022 and four million nine hundred fifty-four thousand dollars ($4,954,000) for federal funds replacement in fiscal year 2023.	$ 8,953.9	$ -	$ -	$ -	$ 8,953.9	$ 5,556.6	$ -	$ -	$ -	$ 5,556.6
137	5	647	Developmental Disabilities Planning Council	For conference room updates to support hybrid meetings.	$ 30.0	$ -	$ -	$ -	$ 30.0	$ -	$ -	$ -	$ -	$ -
138	5	647	Developmental Disabilities Planning Council	For costs related to the court visitor program.	$ 60.0	$ -	$ -	$ -	$ 60.0	$ -	$ -	$ -	$ -	$ -
139	5	647	Developmental Disabilities Planning Council	For logos for the office of guardianship and the office of special education ombud.	$ 10.0	$ -	$ -	$ -	$ 10.0	$ -	$ -	$ -	$ -	$ -
140	5	647	Developmental Disabilities Planning Council	To update signage and materials to reflect new agency name and logo.	$ 10.0	$ -	$ -	$ -	$ 10.0	$ -	$ -	$ -	$ -	$ -
141	5	647	Developmental Disabilities Planning Council	To finish developing and begin implementation of office of guardianship data system	$ 150.0	$ -	$ -	$ -	$ 150.0	$ -	$ -	$ -	$ -	$ -
142	5	647	Developmental Disabilities Planning Council	To support the office of special education ombud.	$ 150.0	$ -	$ -	$ -	$ 150.0	$ -	$ -	$ -	$ -	$ -
143	5	647	Developmental Disabilities Planning Council	For office of guardianship services for protected persons.	$ 250.0	$ -	$ -	$ -	$ 250.0	$ -	$ -	$ -	$ -	$ -
144	5	647	Developmental Disabilities Planning Council	To continue supported decision making/alternatives to guardianship task force.	$ 15.0	$ -	$ -	$ -	$ 15.0	$ -	$ -	$ -	$ -	$ -
145	5	647	Developmental Disabilities Planning Council	For website development.	$ 25.0	$ -	$ -	$ -	$ 25.0	$ -	$ -	$ -	$ -	$ -

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146	5	665	Department of Health	To sustain efforts to address health-related disparities and inequities to prevent and control COVID-19 infections in underserved populations.	$ 2,611.2	$ -	$ -	$ -	$ 2,611.2	$ -	$ -	$ -	$ -	$ -
147	5	665	Department of Health	To fund New Mexico's healthcare infrastructure in underserved areas for the rural and primary healthcare clinics and improve access to quality healthcare services to reduce health risks to persons at risk of adverse health outcomes.	$ 5,000.0	$ -	$ -	$ -	$ 5,000.0	$ -	$ -	$ -	$ -	$ -
148	5	665	Department of Health	To fund operational and maintenance needs within facilities.	$ 4,800.0	$ -	$ -	$ -	$ 4,800.0	$ 4,800.0	$ -	$ -	$ -	$ 4,800.0
149	5	665	Department of Health	To fund an IT system to integrate data and produce data analytics for a variety of programs including the licensure and incident management system for both developmental disabilities supports division and healthcare, certification and licensing division.	$ 200.0	$ -	$ -	$ -	$ 200.0	$ -	$ -	$ -	$ -	$ -
150	5	665	Department of Health	Any unexpended balances in the developmental disabilities support division of the department of health remaining at the end of fiscal year 2022 from appropriations made from the general fund shall not revert and shall be expended in fiscal year 2023 to support the developmental disabilities Medicaid waiver program.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
151	5	665	Department of Health	Any unexpended balances in the heath certification, licensing and oversight division of the department of health remaining at the end of the fiscal year 2022 from appropriations made from all funds shall not revert and shall be expended in the fiscal year 2023 for receivership services.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
152	5	665	Department of Health	The period of time for expending the ten million dollars ($10,000,000) appropriated from the general fund in section 3 of Chapter 1 of Laws of 2020 (2nd S.S.) as extended in Subsection 73 of Section 5 of Chapter of 137 of Laws of 2021 to provide and to contract for services for contact tracing, testing and vaccine implementation for the coronavirus disease 2019 public health emergency is extended through fiscal year 2023.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
153	5	667	Department of Environment	To address ozone pollution generated outside of New Mexico and transported into the state.	$ 920.0	$ -	$ -	$ -	$ 920.0	$ 450.0	$ -	$ -	$ -	$ 450.0
154	5	667	Department of Environment	To obtain specialized consulting services to support priority environmental initiatives and to identify, assess, and implement modernized business operational improvements.	$ 349.0	$ -	$ -	$ -	$ 349.0	$ -	$ -	$ -	$ -	$ -
155	5	667	Department of Environment	For worker compensation related to exposure to radioactive material and implementation of radioactive material licensing requirements.	$ 620.0	$ -	$ -	$ -	$ 620.0	$ 300.0	$ -	$ -	$ -	$ 300.0
156	5	667	Department of Environment	To develop and implement initiatives that protect the public from exposure to PFAS.	$ 1,320.0	$ -	$ -	$ -	$ 1,320.0	$ 525.0	$ -	$ -	$ -	$ 525.0
157	5	667	Department of Environment	For development of a surface water discharge permitting program and to cover costs for computer-based examinations for water utility operators.	$ 1,185.0	$ -	$ -	$ -	$ 1,185.0	$ 250.0	$ -	$ -	$ -	$ 250.0
158	5	667	Department of Environment	For state's 20% cost share for cleanup of the Pecos Mine and the El Molino operable units.	$ 150.0	$ -	$ -	$ -	$ 150.0	$ 150.0	$ -	$ -	$ -	$ 150.0
159	5	668	Office of the Natural Resources Trustee	To increase the damage assessment revolving fund to pursue emerging natural resource injury claims against responsible parties.	$ 1,000.0	$ -	$ -	$ -	$ 1,000.0	$ -	$ -	$ -	$ -	$ -
160	5	670	Veterans' Services Department	For IT hardware and software for the purposes of improving access to services for rural veterans.	$ 16.0	$ -	$ -	$ -	$ 16.0	$ -	$ -	$ -	$ -	$ -
161	5	670	Veterans' Services Department	For the purposes of improving its customer service.	$ 110.0	$ -	$ -	$ -	$ 110.0	$ -	$ -	$ -	$ -	$ -
162	5	670	Veterans' Services Department	For website improvements.	$ 35.0	$ -	$ -	$ -	$ 35.0	$ -	$ -	$ -	$ -	$ -
163	5	690	Families Department	For monitoring and evaluation support to meet Kevin S. settlement obligations.	$ 250.0	$ -	$ -	$ -	$ 250.0	$ -	$ 250.0	$ -	$ -	$ 250.0
164	5	690	Children, Youth and Families Department	The period of time for expending the one million dollars ($1,000,000) appropriated in Subsection 102 of Section 5 of Chapter 83 of Laws 2020 for behavioral health programs for continuing the multi-systemic expansion project is extended through fiscal year 2023.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Session 2022 Section 5, 6, 7 Appropriations
(in thousands)

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165	5	705	Department of Military Affairs	To address building repair needs and other program start-up costs related to the initiation of a job challenge academy program.	$ -	$ -	$ -	$ -	$ -	$ 250.0	$ -	$ -	$ 750.0	$ 1,000.0
166	5	770	Corrections Department	To purchase tablets for use by inmates.	$ 3,000.0	$ -	$ -	$ -	$ 3,000.0	$ -	$ -	$ -	$ -	$ -
167	5	770	Corrections Department	The period of time for expending the twenty-two million dollars ($22,000,000) appropriated from the penitentiary income fund in Subsection 104 of Section 5 of Chapter 83 of Laws 2020 for hepatitis c treatment and planning is extended through fiscal year 2023.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
168	5	790	Department of Public Safety	For advanced training initiatives for commissioned New Mexico state police officers.	$ 892.8	$ -	$ -	$ -	$ 892.8	$ 892.8	$ -	$ -	$ -	$ 892.8
169	5	790	Department of Public Safety	To continue the purchase of in-car cameras, body cameras, modems, patrol vehicle routers and cloud-based storage to house camera data.	$ 2,000.0	$ -	$ -	$ -	$ 2,000.0	$ 562.5	$ -	$ -	$ -	$ 562.5
170	5	790	Department of Public Safety	To purchase license plate readers and mobile units for the New Mexico state police.	$ 400.0	$ -	$ -	$ -	$ 400.0	$ 400.0	$ -	$ -	$ -	$ 400.0
171	5	790	Department of Public Safety	To conduct a police officer job task analysis for the New Mexico law enforcement academy board.	$ 1,500.0	$ -	$ -	$ -	$ 1,500.0	$ 250.0	$ -	$ -	$ -	$ 250.0
172	5	790	Department of Public Safety	To purchase and equip law enforcement vehicles.	$ 17,065.0	$ -	$ -	$ -	$ 17,065.0	$ 9,000.0	$ -	$ -	$ -	$ 9,000.0
173	5	790	Department of Public Safety	To purchase drones and laser mapping systems for crime scene and crash scene mapping for the New Mexico state police.	$ 168.5	$ -	$ -	$ -	$ 168.5	$ 168.5	$ -	$ -	$ -	$ 168.5
174	5	790	Department of Public Safety	The period of time for expending the one hundred thousand dollars ($100,000) appropriated from the general fund in Subsection 98 of Section 5 of Chapter 73 of Laws 2018 to maintain a flash roll for criminal investigations by the New Mexico state police is extended through fiscal year 2024.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
175	5	790	Department of Public Safety	The period of time for expending the three hundred fifty thousand dollars ($350,000) appropriated from the general fund in Subsection 111 of Section 5 of Chapter 83 of Laws 2020 for a data-sharing project with the administrative office of the courts is extended through fiscal year 2023.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
176	5	805	Department of Transportation	Any unexpended balances in the project design and construction program, the highway operations program and the modal program of the department of transportation at the end of fiscal year 2021 from appropriations made from other state funds shall not revert and may be expended in fiscal year 2022.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Table 6: Special, Supplemental, Deficiency and IT Recommendations

Session 2022 Section 5, 6, 7 Appropriations
(in thousands)

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177	5	924	Public Education Department	To the state-support reserve fund. If, for fiscal year 2020, the secretary of public education determines that a final decision by the United States department of education prohibits the deduction of payments to school districts and charter schools commonly known as "impact aid funds" pursuant to 20 U.S.C. 7701 et. seq., and formerly known as "PL874 funds," the state board of finance shall approve a transfer from the state-support reserve fund to make payments to school districts and charter schools that receive impact aid and are affected by the decision.	19,601.2	-	-	-	19,601.2	30,000.0	-	-	-	30,000.0
178	5	924	Public Education Department	For sufficiency lawsuit fees.	500.0	-	-	-	500.0	500.0	-	-	-	500.0
179	5	924	Public Education Department	For transportation for students participating in K-5 Plus programs. The other state funds appropriation is from the public education reform fund.	-	-	-	-	-	-	3,034.7	-	-	3,034.7
180	5	924	Public Education Department	For community school and family engagement initiatives. The other state funds appropriation is from the public education reform fund. Any unexpended balances remaining at the end of fiscal year 2023 from this appropriation shall river to the community schools fund.	-	8,000.0	-	-	8,000.0	-	7,000.0	-	-	7,000.0
181	5	924	Public Education Department	For K-12 Plus programs. The other state funds appropriation is from the public education reform fund.	-	-	-	-	-	-	22,183.8	-	-	22,183.8
182	5	924	Public Education Department	For tribal and rural community-based extended learning programs. The other state funds appropriation is from the public education reform fund.	-	-	-	-	-	-	13,310.3	-	-	13,310.3
183	5	924	Public Education Department	For K-12 Plus program planning grants and incentives. The other state funds appropriation is from the public education reform fund.	-	-	-	-	-	-	21,000.0	-	-	21,000.0
184	5	924	Public Education Department	For career technical education initiatives and equipment. The other state funds appropriation is from the public education reform fund. Any unexpended balances remaining at the end of fiscal year 2023 from this appropriation shall revert to the career technical education fund.	-	10,000.0	-	-	10,000.0	-	7,500.0	-	-	7,500.0
185	5	924	Public Education Department	For an educator evaluation system. The other state funds appropriation is from the public education reform fund.	-	4,000.0	-	-	4,000.0	-	1,000.0	-	-	1,000.0
186	5	924	Public Education Department	To the teacher residency fund. The other state funds appropriation is from the public education reform fund.	-	11,000.0	-	-	11,000.0	-	5,000.0	-	-	5,000.0
187	5	924	Public Education Department	For medicaid expansion for behavioral health. The other state funds appropriation is from the public education reform fund.	-	4,000.0	-	-	4,000.0	-	-	-	-	-
188	5	924	Public Education Department	For cyber security and data systems. The other state funds appropriation is from the public education reform fund.	-	1,500.0	-	-	1,500.0	-	-	-	-	-
189	5	924	Public Education Department	For public education department and higher education department information technology systems. The other state funds appropriation is from the public education reform fund.	-	723.0	-	-	723.0	-	-	-	-	-
190	5	924	Public Education Department	For science, technology, engineering, arts, and math initiatives. The other state funds appropriation is from the public education reform fund.	-	500.0	-	-	500.0	-	-	-	-	-
191	5	924	Public Education Department	For stipends to student teachers for time spent teaching in a New Mexico public school as required by Subparagraph C of Section 22-10A-6 NMSA 1978. The other state funds appropriation is from the public education reform fund.	-	-	-	-	-	-	6,000.0	-	-	6,000.0
192	5	924	Public Education Department	For emergency educational technology and information technology staffing needs at New Mexico public schools. The other state funds appropriation is from the public education reform fund.	-	-	-	-	-	-	10,000.0	-	-	10,000.0
193	5	924	Public Education Department	For national board certification scholarships. The other state funds appropriation is from the national board certification scholarship fund.	-	5,000.0	-	-	5,000.0	-	500.0	-	-	500.0
194	5	924	Public Education Department	For school panic buttons. The other state funds appropriation is from the public school capital outlay fund.	-	1,500.0	-	-	1,500.0	-	-	-	-	-
195	5	940	Public School Facilities Authority	For staff and operational costs. The other state funds appropriation is from the public school capital outlay fund.	-	478.6	-	-	478.6	-	478.6	-	-	478.6
196	5	950	Higher Education Department	For distribution to the higher education institutions of New Mexico for building renewal and replacement	34,850.3	-	-	-	34,850.3	-	-	-	-	-
197	5	950	Higher Education Department	For advanced cybersecurity controls, advanced technical safeguards, cyber insurance coverage, and/or security assessments at Higher Education Institutions in New Mexico.	6,800.0	-	-	-	6,800.0	-	-	-	-	-
198	5	950	Higher Education Department	For the higher education endowment fund. The higher education department shall require a fifty percent match of any awards from recipient institutions of higher education.	5,000.0	-	-	-	5,000.0	-	-	-	-	-

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199	5	950	Higher Education Department	For the program development enhancement fund at the New Mexico higher education department to award grants to schools of nursing at public higher education institutions to expand the number of pre-licensure nursing education slots.	$ 15,000.0	$ -	$ -	$ -	$ 15,000.0	$ -	$ -	$ -	$ -	$ -
200	5	950	Higher Education Department	For public higher education institutions to establish or enhance wraparound student services.	$ 10,000.0	$ -	$ -	$ -	$ 10,000.0	$ -	$ -	$ -	$ -	$ -
201	5	950	Higher Education Department	To the higher education department to pay colleges for successfully completed dual credit courses that are accepted by institutions of higher education toward the degree requirements of an accredited academic program. The other state funds appropriation is from the public education reform fund.	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,000.0	$ -	$ -	$ 4,000.0
202	5	950	Higher Education Department	For endowed faculty positions in educator preparation programs at New Mexico public and tribal higher education institutions. The other state funds appropriation is from the public education reform fund.	$ -	$ -	$ -	$ -	$ -	$ -	$ 50,000.0	$ -	$ -	$ 50,000.0
203	5	950	Teacher Preparation Affordability Scholarship Fund	For the teacher preparation affordability scholarship fund. The other state funds appropriation is from the public education reform fund.	$ -	$ -	$ -	$ -	$ -	$ -	$ 20,000.0	$ -	$ -	$ 20,000.0
204	5	950	Teacher Loan Repayment Fund.	To the teacher loan repayment fund. The other state funds appropriation is from the public education reform fund.	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,000.0	$ -	$ -	$ 5,000.0
205	5	952	University of New Mexico	For planning, design, construction, and equipment for security and infrastructure upgrades for the University of New Mexico	$ 10,000.0	$ -	$ -	$ -	$ 10,000.0	$ -	$ -	$ -	$ -	$ -
206	5	952	University of New Mexico	For high performance computing, data storage capacity, and research networking infrastructure including personnel support to improve educational pathways in quantum information sciences.	$ 3,000.0	$ -	$ -	$ -	$ 3,000.0	$ -	$ -	$ -	$ -	$ -
207	5	952	University of New Mexico	To develop statewide articulated teacher education programs, recruit and retain qualified teacher candidates, and to create a professional development program to support early career in-service teachers.	$ 1,676.0	$ -	$ -	$ -	$ 1,676.0	$ -	$ -	$ -	$ -	$ -
208	5	952	University of New Mexico	To the University of New Mexico Health Sciences Center to finish, equip and furnish the shelled third floor of the College of Nursing/College of Population Health Building	$ 5,200.0	$ -	$ -	$ -	$ 5,200.0	$ 2,500.0	$ -	$ -	$ -	$ 2,500.0
209	5	954	New Mexico State University	To the Board of Regents at New Mexico State University for the School of Nursing to develop and launch a Nurse Anesthesiology concentration in the nationally-accredited Doctor of Nursing Practice (DNP) degree program	$ 750.0	$ -	$ -	$ -	$ 750.0	$ -	$ -	$ -	$ -	$ -
210	5	954	New Mexico State University	To the Board of Regents of New Mexico State University for Dona Ana Community College to expand nursing program with the addition of a stand alone LPN program.	$ 565.0	$ -	$ -	$ -	$ 565.0	$ -	$ -	$ -	$ -	$ -
211	5	954	New Mexico State University	To the Higher Education Department for the Technology Enhancement Fund	$ 40,000.0	$ -	$ -	$ -	$ 40,000.0	$ -	$ -	$ -	$ -	$ -
212	5	977	Clovis Community College	To Clovis Community College as a match for a building for the nursing program.	$ -	$ -	$ -	$ -	$ -	$ 1,000.0	$ -	$ -	$ -	$ 1,000.0
213	5	9922	Computer Systems Enhancement Fund	To the computer systems enhancement fund for system replacements or enhancements.	$ 87,901.4	$ -	$ -	$ -	$ 87,901.4	$ 57,066.8	$ -	$ -	$ -	$ 57,066.8
				Section 5 Total	**$ 638,799.1**	**$ 48,175.7**	**$ 4,498.4**	**$ -**	**$ 691,473.2**	**$ 163,164.2**	**$ 176,257.4**	**$ 1,508.5**	**$ 750.0**	**$ 341,680.1**
214	6	218	Administrative Office of the Courts	$33.5 to provide funding for a safe exchange and supervised visitation program in the ninth judicial district court.	$ 33.5	$ -	$ -	$ -	$ 33.5	$ 33.5	$ -	$ -	$ -	$ 33.5
215	6	233	Third Judicial District Court	To fund door screener at court entrance.	$ 31.3	$ -	$ -	$ -	$ 31.3	$ -	$ -	$ -	$ -	$ -
216	6	233	Third Judicial District Court	For a supplemental appropriation for shortfalls and an increase in costs related to the consolidation of magistrate courts in Dona Ana county.	$ 70.4	$ -	$ -	$ -	$ 70.4	$ 70.4	$ -	$ -	$ -	$ 70.4
217	6	233	Third Judicial District Court	For a supplemental appropriation for shortfalls related to the consolidation of magistrate courts in Dona Ana county.	$ 36.8	$ -	$ -	$ -	$ 36.8	$ 36.8	$ -	$ -	$ -	$ 36.8
218	6	236	Sixth Judicial District Court	For a non-reoccurring appropriation to cover the Security shortfall for salary plus benefits for two Security Magistrate employees.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
219	6	241	Eleventh Judicial District Court	$341,600 in supplemental funds to be used by the Eleventh Judicial District Court for Magistrate Security and other salary and benefits.	$ 341.6	$ -	$ -	$ -	$ 341.6	$ -	$ -	$ -	$ -	$ -
220	6	256	Sixth Judicial District Attorney	For IT equipment.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
221	6	308	State Auditor	Funding to support three additional FTE for the conservatorship review program as required by NMSA 1978, Section 45-5-409(H).	$ 39.1	$ -	$ -	$ -	$ 39.1	$ 39.0	$ -	$ -	$ -	$ 39.0

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222	6	333	Taxation and Revenue Department	For shortfalls in operating expenses in the program support program.	$ 436.0	$ -	$ -	$ -	$ 436.0	$ 436.0	$ -	$ -	$ -	$ 436.0
223	6	341	Department of Finance and Administration	For 3 percent compensation increases for the last quarter of FY22.	$ -	$ -	$ -	$ -	$ -	$ 31,542.3	$ -	$ -	$ -	$ 31,542.3
224	6	350	General Services Department	For shortfalls in the other category for health benefit claims in the Risk Management Division.	$ 7,525.5	$ -	$ -	$ -	$ 7,525.5	$ -	$ -	$ -	$ -	$ -
225	6	350	General Services Department	For security initiatives and preventative maintenance at state owned buildings.	$ 750.0	$ -	$ -	$ -	$ 750.0	$ -	$ -	$ -	$ -	$ -
226	6	361	Department of Information Technology	For a projected shortfall in the enterprise services program due to the digital workspace upgrade.	$ 2,000.0	$ -	$ -	$ -	$ 2,000.0	$ -	$ -	$ -	$ -	$ -
227	6	366	Public Employees Retirement Association	To support the full actuarial value associated with Senate Bill 315 of 2021 converting certain motor transportation officers participating under state retirement general plan 3 to the state police retirement plan.	$ 3,380.5	$ -	$ -	$ -	$ 3,380.5	$ -	$ -	$ -	$ -	$ -
228	6	370	Secretary of State	For a shortfall in the administration and operations program of the secretary of state.	$ 441.0	$ -	$ -	$ -	$ 441.0	$ 150.0	$ -	$ -	$ -	$ 150.0
229	6	370	Secretary of State	For a shortfall in the elections program of the secretary of state.	$ 191.0	$ -	$ -	$ -	$ 191.0	$ -	$ -	$ -	$ -	$ -
230	6	370	Secretary of State	For costs to conduct the 2022 primary election.	$ 2,662.8	$ -	$ -	$ -	$ 2,662.8	$ -	$ -	$ -	$ -	$ -
231	6	370	Secretary of State	For the costs of notifying voters of updates to their registration as a result of redistricting.	$ 1,500.0	$ -	$ -	$ -	$ 1,500.0	$ 1,500.0	$ -	$ -	$ -	$ 1,500.0
232	6	418	Tourism Department	Tourism Recovery Marketing Strategy.	$ 15,000.0	$ -	$ -	$ -	$ 15,000.0	$ -	$ -	$ -	$ -	$ -
233	6	420	Regulation and Licensing Department	For a projected shortfall in personal services and employee benefits.	$ 150.0	$ -	$ -	$ -	$ 150.0	$ 150.0	$ -	$ -	$ -	$ 150.0
234	6	430	Public Regulation Commission	For shortfalls in the personal services and employee benefits category, contractual services category, and other expense category.	$ 400.0	$ -	$ -	$ -	$ 400.0	$ 300.0	$ -	$ -	$ -	$ 300.0
235	6	440	Office of the Superintendent of Insurance	$250,000.00 to replenish OSI Operation Funds from the health care affordability fund.	$ -	$ 250.0	$ -	$ -	$ 250.0	$ -	$ 250.0	$ -	$ -	$ 250.0
236	6	449	Board of Nursing	The board of nursing may request an increase up to one hundred and forty thousand dollars ($140,000) from the fund balance to be used for personnel expenses.	$ -	$ 140.0	$ -	$ -	$ 140.0	$ -	$ 140.0		$ -	$ 140.0
237	6	449	Board of Nursing	The board of nursing may request an increase up to forty thousand dollars ($40,000) from the fund balance to be used for other expenses	$ -	$ 40.0	$ -	$ -	$ 40.0	$ -	$ 40.0		$ -	$ 40.0
238	6	460	New Mexico State Fair	For current year operational shortfalls due to coronavirus disease 2019	$ 4,000.0	$ -	$ -	$ -	$ 4,000.0	$ -	$ -	$ -	$ -	$ -
239	6	465	Gaming Control Board	For current year operating shortfall in all three categories due to governor exempt appointments and underfunded operational expenses through June 30, 2022.	$ 142.4	$ -	$ -	$ -	$ 142.4	$ 100	$ -	$ -	$ -	$ 100.0
240	6	479	Board of Veterinary Medicine	For funding the FY22 operating budget revenues.	$ 80.0	$ -	$ -	$ -	$ 80.0	$ 80.0	$ -	$ -	$ -	$ 80.0
241	6	490	Cumbres and Toltec	For insurance deductible due to fire loss	$ 50.0	$ -	$ -	$ -	$ 50.0	$ 50.0	$ -	$ -	$ -	$ 50.0
242	6	495	Spaceport Authority	The Spaceport Authority will have a $2 million shortfall in its operations budget. To maintain 24-hour / 7-day operations, and to support continuing growth of spaceport customers, a $2M supplemental is required to maintain staff, security, and facility maintenance.	$ 2,000.0	$ -	$ -	$ -	$ 2,000.0	$ 1,000.0	$ -	$ -	$ -	$ 1,000.0
243	6	538	Intertribal Ceremonial Office	For the planning, coordination and development of a successful intertribal ceremonial event, in collaboration with local government.	$ 842.9	$ -	$ -	$ -	$ 842.9	$ 400.0	$ -	$ -	$ -	$ 400.0
244	6	630	Human Services Department	To facilitate the planning and implementation of the 988/Crisis Now Behavioral Health Crisis Response System.	$ 2,325.0	$ -	$ -	$ -	$ 2,325.0	$ 2,325.0	$ -	$ -	$ -	$ 2,325.0

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245	6	630	Human Services Department	To implement the 2022 health care premium surtax increase for Medicaid managed care.	$ -	$ -	$ 13,979.0	$ 60,615.5	$ 74,594.5	$ -	$ -	$ 13,979.0	$ 60,615.5	$ 74,594.5
246	6	630	Human Services Department	For projected shortfalls in the medical assistance program of the human services department.	$ 54,510.0	$ -	$ -	$ 296,979.0	$ 351,489.0	$ 15,000.0	$ -	$ 10,000.0	$ 136,940.0	$ 161,940.0
247	6	665	Department of Health	For personal services and employee benefits related costs in the scientific laboratory division to avoid a budget shortfall.	$ 369.7	$ -	$ -	$ -	$ 369.7	$ 370.0	$ -	$ -	$ -	$ 370.0
248	6	665	Department of Health	For costs associated with implementing an electronic medication administration records system in the facilities management division.	$ 1,092.5	$ -	$ -	$ -	$ 1,092.5	$ -	$ -	$ -	$ -	$ -
249	6	665	Department of Health	To fund the leasing of an automated medication dispensing system supporting decentralized medication management in the facilities management division.	$ 558.0	$ -	$ -	$ -	$ 558.0	$ 558.0	$ -	$ -	$ -	$ 558.0
250	6	665	Department of Health	To implement the minimum wage increase to $11.50/hour effective January 1, 2022 in the facilities management division.	$ 141.4	$ -	$ -	$ -	$ 141.4	$ -	$ -	$ -	$ -	$ -
251	6	665	Department of Health	For operations and maintenance related costs in the facilities management division.	$ 3,588.8	$ -	$ -	$ -	$ 3,588.8	$ -	$ -	$ -	$ -	$ -
252	6	665	Department of Health	To fund nine existing surveyor positions necessary for litigation settlement and statewide survey work and compliance in the division of health improvement.	$ 415.0	$ 415.0	$ -	$ -	$ 830.0	$ -	$ -	$ -	$ -	$ -
253	6	665	Department of Health	To fund two existing FTEs in the division of health improvement to ensure compliance with licensing regulations of adult boarding home facilities to monitor the health, safety, and welfare of residents through surveys and investigations.	$ 180.0	$ -	$ -	$ -	$ 180.0	$ -	$ -	$ -	$ -	$ -
254	6	665	Department of Health	For personal services and employee benefits costs in the division of health improvement to perform surveys and investigations for the developmental disabilities supports waiver.	$ 233.4	$ 233.4	$ -	$ -	$ 466.8	$ -	$ -	$ -	$ -	$ -
255	6	670	Veterans' Services Department	For improvements to its customer service portal.	$ 135.0	$ -	$ -	$ -	$ 135.0	$ -	$ -	$ -	$ -	$ -
256	6	670	Veterans' Services Department	To purchase and outfit a van that will serve as a mobile office unit to perform continuous outreach services across the state.	$ 100.0	$ -	$ -	$ -	$ 100.0	$ -	$ -	$ -	$ -	$ -
257	6	705	Department of Military Affairs	For legal settlement of case D-101-CV-2018-03659	$ 175.0	$ -	$ -	$ -	$ 175.0	$ 175.0	$ -	$ -	$ -	$ 175.0

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Session 2022 Section 5, 6, 7 Appropriations
(in thousands)

Item Number	GAA Section	Bus Unit	Agency Name	Language	GF Request	OS Request	Int Request	Fed Request	Total Request	LFC GF Recomm	LFC OS Recomm	LFC Int Recomm	LFC Fed Recomm	LFC Total Recomm
258	6	770	Corrections Department	For a projected shortfall in the personal services and employee benefits category in the community offender management program. The other state funds appropriation is from the penitentiary income fund.	$ -	$ 750.0	$ -	$ -	$ 750.0	$ -	$ -	$ -	$ -	$ -
259	6	770	Corrections Department	For a projected shortfall in the contractual services category for medical and behavioral health services in the inmate management and control program. The other state funds appropriation is from the penitentiary income fund.	$ -	$ 2,250.0	$ -	$ -	$ 2,250.0	$ -	$ -	$ -	$ -	$ -
260	6	259	Ninth Judicial District Attorney	To resolve a deficiency from FY17 that had not been addressed in the past.	$ 0.4	$ -	$ -	$ -	$ 0.4	$ -	$ -	$ -	$ -	$ -
261	6	350	General Services Department	For shortfalls in the other category for health benefit claims in the Risk Management Division.	$ 17,325.0	$ -	$ -	$ -	$ 17,325.0	$ 10,000.0	$ -	$ -	$ -	$ 10,000.0
262	6	449	Board of Nursing	For personnel	$ -	$ 42.9	$ -	$ -	$ 42.9	$ -	$ -	$ -	$ -	$ -
263	6	460	New Mexico State Fair	For prior year shortfalls due to the coronavirus disease 2019	$ 2,180.0	$ -	$ -	$ -	$ 2,180.0	$ 458.9	$ -	$ -	$ -	$ 458.9
264	6	469	State Racing Commission	For Deficiencies as listed in audits prior to fiscal year 2017.	$ 17.0	$ -	$ -	$ -	$ 17.0	$ 17.0	$ -	$ -	$ -	$ 17.0
265	6	479	Board of Veterinary Medicine	For expenses associated with the board of veterinary medicine administrative office.	$ 125.0	$ -	$ -	$ -	$ 125.0	$ 125.0	$ -	$ -	$ -	$ 125.0
266	6	647	Developmental Disabilities Planning Council	To correct an unpaid invoice from fiscal year 2021.	$ -	$ -	$ -	$ 8.8	$ 8.8	$ -	$ -	$ -	$ -	$ -
267	6	647	Developmental Disabilities Planning Council	To correct an unpaid invoice from fiscal year 2021.	$ -	$ -	$ -	$ 13.0	$ 13.0	$ -	$ -	$ -	$ -	$ -
				Section 6 Total	**$ 125,576.0**	**$ 4,121.3**	**$ 13,979.0**	**$ 357,616.3**	**$ 501,292.6**	**$ 64,916.9**	**$ 430.0**	**$ 23,979.0**	**$ 197,555.5**	**$ 286,881.4**
268	7	264	Administrative Office of the District Attorneys	Enterprise Comprehensive Case Management System Project	$ -	$ -	$ 3,426.0	$ -	$ 3,426.0	$ -	$ 170.0	$ 2,564.0	$ -	$ 2,734.0
269	7	280	Law Offices of the Public Defender	Advanced Online Production and Reporting Project	$ -	$ -	$ 631.4	$ -	$ 631.4	$ -	$ 631.4	$ -	$ -	$ 631.4
270	7	280	Law Offices of the Public Defender	Scanning and Survivable Storage Project	$ -	$ -	$ 2,350.0	$ -	$ 2,350.0	$ -	$ -	$ 2,350.0	$ -	$ 2,350.0
271	7	333	Taxation and Revenue Department	Analytics Collections & Compliance Project	$ -	$ -	$ 7,780.3	$ -	$ 7,780.3	$ -	$ -	$ 4,772.0	$ -	$ 4,772.0
272	7	333	Taxation and Revenue Department	Correspondence Automation Project	$ -	$ -	$ 802.2	$ -	$ 802.2	$ -	$ -	$ 802.2	$ -	$ 802.2
273	7	333	Taxation and Revenue Department	Governance, Risk & Compliance (GRC) System Project	$ -	$ -	$ 814.0	$ -	$ 814.0	$ -	$ -	$ 814.0	$ -	$ 814.0
274	7	370	Secretary of State	Business Filing System Replacement Project	$ -	$ -	$ 2,504.0	$ -	$ 2,504.0	$ -	$ -	$ 2,504.0	$ -	$ 2,504.0
275	7	418	Tourism Department	Visitor Information Center Enhancement Project	$ -	$ -	$ 848.0	$ -	$ 848.0	$ -	$ -	$ -	$ -	$ -

Session 2022 Section 5, 6, 7 Appropriations
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Item Number	GAA Section	Bus Unit	Agency Name	Language	GF Request	OS Request	Int Request	Fed Request	Total Request	LFC GF Recomm	LFC OS Recomm	LFC Int Recomm	LFC Fed Recomm	LFC Total Recomm
276	7	446	Medical Board	Licensing Software Modernization Project	$ -	$ 1,311.2	$ -	$ -	$ 1,311.2	$ -	$ 1,311.2	$ -	$ -	$ 1,311.2
277	7	521	Energy, Minerals and Natural Resources Department	SHARE Asset Management Project	$ -	$ -	$ 550.0	$ -	$ 550.0	$ -	$ -	$ 550.0	$ -	$ 550.0
278	7	538	Intertribal Ceremonial Office	Intertribal Ceremonial Office Optimizing Digitization Project	$ -	$ -	$ 154.0	$ -	$ 154.0	$ -		$ -	$ -	$ -
279	7	539	Commissioner of Public Lands	Royalty Administration and Processing System (RAPS) Project	$ -	$ 2,000.0	$ -	$ -	$ 2,000.0	$ -	$ 2,000.0	$ -	$ -	$ 2,000.0
280	7	550	State Engineer	Water Rights Adjudication Tracking System (WRATS) Modernization Project	$ -	$ -	$ 3,153.3	$ -	$ 3,153.3	$ -	$ -	$ 1,067.4	$ -	$ 1,067.4
281	7	624	Aging and Long-Term Services Department	The period of time for expending the two hundred eighty thousand three hundred dollars ($280,300) appropriated from the computer systems enhancement fund and the two million two hundred ninety-one thousand six hundred dollars ($2,291,600) appropriated from federal funds in Subsection 21 of Section 7 of Chapter 83 of Laws 2020 to continue the implementation of the medicaid management information system replacement project is extended through fiscal year 2023.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
282	7	630	Human Services Department	Medicaid Management Information System Replacement Project	$ -	$ -	$ 8,400.0	$ 68,041.5	$ 76,441.5	$ -	$ -	$ 8,400.0	$ 68,041.5	$ 76,441.5
283	7	630	Human Services Department	Child Support Enforcement System (CSES) Project	$ -	$ -	$ 4,875.2	$ 9,463.7	$ 14,338.9	$ -	$ -	$ 4,875.2	$ 9,463.7	$ 14,338.9
284	7	665	Department of Health	Client Data Management System (CDMS) Project	$ -	$ -	$ 2,000.0	$ -	$ 2,000.0	$ -	$ -	$ 1,000.0	$ -	$ 1,000.0
285	7	665	Department of Health	Electronic Health Records (eHR) Project	$ -	$ -	$ 10,750.0	$ -	$ 10,750.0	$ -	$ -	$ 7,500.0	$ -	$ 7,500.0
286	7	665	Department of Health	Facilities Centralized Reporting System Project	$ -	$ -	$ 500.0	$ -	$ 500.0	$ -	$ -	$ 500.0	$ -	$ 500.0
287	7	665	Department of Health	Facilities Licensing System (FELIX Replacement) Project	$ -	$ -	$ 400.0	$ -	$ 400.0	$ -	$ -	$ -	$ -	$ -
288	7	665	Department of Health	The period of time for expending the two hundred thousand dollars ($200,000) appropriated in Subsection 22 of Section 7 of Chapter 73 of Laws 2018 as extended in Subsection 30 of Section 7 of Chapter 83 of Laws 2020 to continue to upgrade the children's medical services Medicaid provider enrollment system to integrate with the human services department's Medicaid management information system replacement project is extended through fiscal year 2022.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
289	7	665	Department of Health	the period of time for expending the three million five hundred thousand dollars ($3,500,000) appropriated from the computer systems enhancement fund in Subsection 28 of Section 7 of Chapter 83 of Laws 2020 to purchase and implement an enterprise electronic healthcare records system for public health offices statewide which is extended through fiscal year 2022	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Table 6: Special, Supplemental, Deficiency and IT Recommendations

Session 2022 Section 5, 6, 7 Appropriations
(in thousands)

Item Number	GAA Section	Bus Unit	Agency Name	Language	GF Request	OS Request	Int Request	Fed Request	Total Request	LFC GF Recomm	LFC OS Recomm	LFC Int Recomm	LFC Fed Recomm	LFC Total Recomm
290	7	665	Department of Health	The period of time for expending the two million seven hundred fifty thousand dollars ($2,750,000) appropriated from the computer systems enhancement fund Subsection 26 of Section 7 of Chapter 73 of Laws 2018 as extended in Subsection 34 of Section 7 of Chapter 83 of Laws 2020 to purchase and implement an integrated document management system and upgrade the vital records database is extended through fiscal year 2022.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
291	7	665	Department of Health	The period of time for expending the four million dollars ($4,000,000) appropriated from the computer systems enhancement fund in Subsection 24 of Section 7 of Chapter 271 of Laws 2019 to purchase and implement an enterprise electronic healthcare records system for public health offices is extended through fiscal year 2022.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
292	7	665	Department of Health	The period of time for expending the nine hundred thousand dollars ($900,000) appropriated from the computer systems enhancement fund in Subsection 23 of Section 7 of Chapter 271 of Laws 2019 for the initiation and planning phase to implement a database for healthcare cost data is extended through fiscal year 2022.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
293	7	665	Department of Health	The period of time for expending the two million one hundred dollars ($2,100,000) appropriated from the computer systems enhancement fund Subsection 27 of Section 7 of Chapter 271 of Laws 2019 to continue the implementation of an integrated document management system and upgrade the vital records database is extended through fiscal year 2022.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
294	7	665	Department of Health	The period of time for expending the four hundred forty thousand dollars ($440,000) appropriated from the computer systems enhancement fund in Subsection 26 of Section 7 of Chapter 271 of Laws 2019 to integrate toxicology instrumentation data into the department of health's laboratory information system is extended through fiscal year 2022.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
295	7	665	Department of Health	The period of time for expending the two million four hundred thousand dollars ($2,400,000) appropriated from the computer systems enhancement fund in Subsection 10 of Section 7 of Chapter 135 of Laws 2017 as extended in Subsection 25 of Section 7 of Chapter 271 of Laws of 2019 as extended in Subsection 33 of Chapter 83 of Laws 2020 to continue the implementation of the developmental disabilities client management support system is extended through fiscal year 2022.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
296	7	665	Department of Health	The period of time for expending the two hundred thousand dollars ($200,000) appropriated in Subsection 25 of Section 7 of Chapter 73 of Laws 2018 as extended in Subsection 29 of Section 7 of Chapter 83 of Laws 2020 to continue to purchase and implement a commercial off-the-shelf incident management system is extended through fiscal year 2022.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
297	7	665	Department of Health	The period of time for expending the three hundred fifty thousand dollars ($350,000) appropriated in Subsection 23 of Section 7 of Chapter 73 of Laws 2018 as extended in Subsection 31 of Section 7 of Chapter 83 of Laws 2020 to continue to purchase hardware and software to implement a facilities licensing system is extended through fiscal year 2022.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
298	7	665	Department of Health	Incident Management System Replacement Project	$ -	$ -	$ 500.0	$ -	$ 500.0	$ -	$ -	$ -	$ -	$ -
299	7	667	Department of Environment	Document Management Solution Project	$ -	$ -	$ 2,000.0	$ -	$ 2,000.0	$ -	$ -	$ 500.0	$ -	$ 500.0

Table 6: Special, Supplemental, Deficiency and IT Recommendations

Session 2022 Section 5, 6, 7 Appropriations
(in thousands)

Item Number	GAA Section	Bus Unit	Agency Name	Language	GF Request	OS Request	Int Request	Fed Request	Total Request	LFC GF Recomm	LFC OS Recomm	LFC Int Recomm	LFC Fed Recomm	LFC Total Recomm
300	7	690	Children, Youth and Families Department	The period of time for expending the seven million dollars ($7,000,000) appropriated from the computer systems enhancement fund in Subsection 37 of Section 7 of Chapter 83 of Laws 2020 to continue the modernization of the comprehensive child welfare information system is extended through fiscal year 2023 and fiscal year 2024.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
301	7	770	Corrections Department	Electronic Health Record Project	$ -	$ -	$ 6,238.0	$ -	$ 6,238.0	$ -	$ -	$ 6,238.0	$ -	$ 6,238.0
302	7	790	Department of Public Safety	Criminal Justice Information Services (CJIS) Enhanced Cybersecurity Project	$ -	$ -	$ 1,990.0	$ -	$ 1,990.0	$ -	$ -	$ 1,000.0	$ -	$ 1,000.0
303	7	790	Department of Public Safety	Intelligence Led Policing and Public Safety Project	$ -	$ -	$ 5,585.0	$ -	$ 5,585.0	$ -	$ -	$ 3,380.0	$ -	$ 3,380.0
304	7	790	Department of Public Safety	The period of time for expending the three million dollars ($3,000,000) appropriated from other state funds in Subsection 41 of Section 7 of Chapter 83 of Laws 2020 Second Session to upgrade the computer aided dispatch system is extended through fiscal year 2023.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
305	7	790	Department of Public Safety	The period of time for expending the five million four hundred sixty-five thousand dollars ($5,465,000) appropriated from other state funds in Subsection 43 of Section 7 of Chapter 83 of Laws 2020 Second Session to continue the implementation of a commercial off-the-shelf records management system is extended through fiscal year 2023.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
306	7	950	Higher Education Department	New Mexico Longitudinal Data System (NMLDS) Project	$ -	$ -	$ 6,500.0	$ 1,000.0	$ 7,500.0	$ -	$ -	$ 3,250.0	$ 1,000.0	$ 4,250.0
307	7	950	Higher Education Department	Shared Services ERP and Student Information Systems Project	$ -	$ -	$ 15,150.0	$ -	$ 15,150.0	$ -		$ 5,000.0	$ -	$ 5,000.0
308	7	630	Human Services Department	The period of time for expending the one million seven hundred eighty-three thousand six hundred dollars ($1,783,600) appropriated from the computer systems enhancement fund in Subsection 21 of Section 7 of Chapter 271 of Laws 2019 as extended in Subsection 13 of Section 7 of Chapter 137 of Laws 2021 to continue the implementation of the child support enforcement replacement project is extended through fiscal year 2023.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
309	7	630	Human Services Department	The period of time for expending the one million two hundred fifty-five thousand six hundred dollars ($1,255,600) appropriated from the computer systems enhancement fund in Subsection 22 of Section 7 of Chapter 271 of Laws 2019 as extended in Subsection 14 of Section 7 of Chapter 137 of Laws 2021 to continue the implementation of the medicaid management information system replacement project is extended through fiscal year 2023.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Table 6: Special, Supplemental, Deficiency and IT Recommendations

Session 2022 Section 5, 6, 7 Appropriations
(in thousands)

Item Number	GAA Section	Bus Unit	Agency Name	Language	GF Request	OS Request	Int Request	Fed Request	Total Request	LFC GF Recomm	LFC OS Recomm	LFC Int Recomm	LFC Fed Recomm	LFC Total Recomm
310	7	630	Human Services Department	The period of time for expending the two million eight hundred thirty-two thousand five hundred dollars ($2,832,500) appropriated from the computer systems enhancement fund in Subsection 22 of Section 7 of Chapter 83 of Laws 2020 to continue the implementation of the child support enforcement replacement project is extended through fiscal year 2023.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
311	7	630	Human Services Department	The period of time for expending the four million on hundred four thousand one hundred dollars ($4,104,100) appropriated from the computer systems enhancement fund in Subsection 23 of Section 7 of Chapter 83 of Laws 2020 to continue the implementation of the medicaid management information system replacement project is extended through fiscal year 2023.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
312	7	465	Gaming Control Board	The period of time for expending the two million five hundred thousand dollar ($2,500,000) appropriation from the computer systems enhancement fund contained in Section 7 Information Technology Appropriations Laws 2020, 54th Legislature, Second Session Chapter 83 to purchase and implement a gaming central monitoring system is extended through fiscal year 2023 and the board shall implement the new system no later than June 30, 2023.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
313	7	341	Department of Finance and Administration	The period of time for expending the one million two hundred fifty thousand ($1,250,000) appropriated from the computer systems enhancement fund in Subsection 8 of Section 7 of Chapter 73 of Laws 2018 for the implementation of an enterprise budget system is extended through fiscal year 2023.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
314	7	341	Department of Finance and Administration	The period of time for expending the four million ($4,000,000) appropriated from the computer systems enhancement fund in Subsection 10 of Section 7 of Chapter 271 of Laws 2019 for the implementation of an enterprise budget system is extended through fiscal year 2023	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
315	7	341	Department of Finance and Administration	The period of time for expending the five hundred thousand ($500,000) appropriated from the computer systems enhancement fund in Subsection 9 of Section 7 of Chapter 271 of Laws 2019 for the implementation of property tax module in the local government budget management system to be extended through fiscal year 2023.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
316	7	370	Secretary of State	The period of time for expending the one million dollars ($1,000,000) appropriated from the computer systems enhancement fund in Subsection 10 of Section 7 of Chapter 83 of Laws 2020 for the business filing software initiation and planning phases is extended through fiscal year 2023 and can be used for implementation costs.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
317	7	630	Human Services Department	The period of time for expending the six million eight hundred one thousand nine hundred dollars ($6,801,900) appropriated from the computer systems enhancement fund in Subsection 21 of Section 7 of Chapter 73 of Laws 2018 as extended in Subsection 26 of Section 7 of Chapter 83 of Laws 2020 as extended in Subsection 15 of Section 7 of Chapter 137 of Laws 2021 to continue the implementation of the medicaid management information system replacement project is extended through fiscal year 2023.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Table 6: Special, Supplemental, Deficiency and IT Recommendations

Session 2022 Section 5, 6, 7 Appropriations
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318	7	790	Corrections Department	The period of time for expending the five hundred thousand dollars ($500,000) appropriated from the computer systems enhancement fund in Subsection 36 of Section 7 of Chapter 83 of Laws 2020 to implement an electronic health records system with a commercial off-the-shelf solution is extended through fiscal year 2023.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
319	7	505	Cultural Affairs Department	The period of time for expending the three hundred fifty thousand dollars ($350,000) appropriated from the computer systems enhancement fund in Subsection 17 of Section 7 of Chapter 271 of Laws 2019 to upgrade hardware and software and implement an enterprise content management system for digital delivery to improve museum exhibition content is extended through fiscal year 2023.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
320	7	539	Commissioner of Public Lands	The period of time for expending the one million four hundred fifty thousand dollars ($1,450,000) appropriated from the state lands maintenance fund in Subsection 18 of Section 7 of Chapter 83 of Laws 2020 to purchase and install hardware and software for satellite imagery analysis is extended through fiscal year 2023	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
321	7	218	Administrative Office of the Courts	The period of time for expending the one hundred twelve thousand six hundred dollars ($112,600) appropriated from the general fund in Subsection 2 of Section 7 of Chapter 83 of Laws of 2020 to implement an integrated electronic court notices solution for the court's case management system is extended through fiscal year 2023.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
				Section 7 Total	**$ -**	**$ 3,311.2**	**$ 87,901.4**	**$ 78,505.2**	**$ 169,717.8**	**$ -**	**$ 4,112.6**	**$ 57,066.8**	**$ 78,505.2**	**$ 139,684.6**
-	5	-	-	**Section 5 Total**	**$ 638,799.1**	**$ 48,175.7**	**$ 4,498.4**	**$ -**	**$ 691,473.2**	**$ 163,164.2**	**$ 176,257.4**	**$ 1,508.5**	**$ 750.0**	**$ 341,680.1**
-	6	-	-	**Section 6 Total**	**$ 125,576.0**	**$ 4,121.3**	**$ 13,979.0**	**$ 357,616.3**	**$ 501,292.6**	**$ 64,916.9**	**$ 430.0**	**$ 23,979.0**	**$ 197,555.5**	**$ 286,881.4**
				Section 5 and 6 Subtotal (with IT)	**$ 764,375.1**	**$ 52,297.0**	**$ 18,477.4**	**$ 357,616.3**	**$ 1,192,765.8**	**$ 228,081.1**	**$ 176,687.4**	**$ 25,487.5**	**$ 198,305.5**	**$ 628,561.5**
				Section 5 and 6 Subtotal (without IT)	**$ 676,473.7**	**$ 52,297.0**	**$ 18,477.4**	**$ 357,616.3**	**$ 1,104,864.4**	**$ 171,014.3**	**$ 176,687.4**	**$ 25,487.5**	**$ 198,305.5**	**$ 571,494.7**
-	7	-	-	**Section 7 Total**	**$ -**	**$ 3,311.2**	**$ 87,901.4**	**$ 78,505.2**	**$ 169,717.8**	**$ -**	**$ 4,112.6**	**$ 57,066.8**	**$ 78,505.2**	**$ 139,684.6**
-	-	-	-	**Total**	**$ 764,375.1**	**$ 55,608.2**	**$ 106,378.8**	**$ 436,121.5**	**$ 1,362,483.6**	**$ 228,081.1**	**$ 180,800.0**	**$ 82,554.3**	**$ 276,810.7**	**$ 768,246.1**