

2026 State Legislative Session
Legislative and Executive Budgetary Recommendations



UNM Office of Government and Community Relations
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2026 State Legislative Session:

Summary and Highlights of Legislative & Executive Budget Recommendations for FY27

This pre-session report seeks to summarize and highlight the initial budgetary recommendations from both the Legislative and Executive branches of state government for fiscal year 2027 (FY27), with a particular focus on proposed funding that impacts the University of New Mexico. These recommendations will be considered during the 30-day 2026 State Legislative Session, formally known as the Second Session of the 57th Legislature. In 30-day sessions, as are held in even-numbered calendar years in New Mexico, the Legislature's charge has a more limited scope, focused mainly on budget, tax and appropriations policy with the addition of bills that are authorized for consideration with a "message" from the Governor's office. In the intervening (odd-numbered) calendar years, the Legislature broadens its scope for a 60-day session and considers not only fiscal policy but also all other proposed types of policy changes affecting state law. This year's 30-day session will commence January 20th at noon and will adjourn Feb. 19th at noon. The Governor's bill-signing period ends this year on March 11, 2026.

The Legislative and Executive budgetary recommendations reviewed here will provide an initial sketch of what's to come in the legislative process for the major appropriations bills. Legislators will use the pre-session recommendations to craft a budget package by choosing one of the recommendations, a hybrid of the two recommendations, or an appropriations package different from both recommendations. In the highlights below, the Higher Education Department's (HED) recommendations are occasionally included for discussion purposes, but the Executive recommendation, compiled by the Department of Finance and Administration on behalf of the Governor, typically takes higher-order political precedence over any single executive agency or departmental budget recommendation, and it is the Executive recommendation that will be used for comparison purposes in regard to the Legislative recommendation, whenever such information is available.

During annual legislative sessions, policymakers must assemble a new General Appropriations Act, commonly referred to as House Bill 2 (i.e., "HB 2"). HB 2 contains *recurring* appropriations for the annual operating budgets for state agencies and higher education institutions and will also contain *nonrecurring* appropriations for a wide range of purposes. Similarly, depending on the availability of funding and policymaker priorities, the Legislature may consider a tax package, capital outlay appropriations, or other appropriations in other stand-alone bills. This report focuses on recommendations related to HB 2 and capital outlay.

Most of the information in this report is derived from four publicly available documents, and also from analyses and communications received from the New Mexico Council of University Presidents (NM CUP). The publicly available documents are as follows:

- UNM's [FY27 Legislative Priorities](#) brochure
- FY27 LFC Budget Recommendations, Vol. I: *Policy and Performance Analysis*
 - Includes a brief LFC analysis of each agency
 - Includes recommended Special Appropriations at end of document
 - https://www.nmlegis.gov/Entity/LFC/Documents/Session_Publications/Budget_Recommendations/2027RecommendVoll.pdf
- FY27 LFC Budget Recommendations, Vol. II: *Legislating for Results*
 - Includes General Fund spending recs, RPSP budget recs, and relevant explanatory notes/discussion

- https://www.nmlegis.gov/Entity/LFC/Documents/Session_Publications/Budget_Recommendations/2027RecommendVolII.pdf
- FY27 LFC Budget Recommendations, Vol. III: *Policy and Performance Analysis*
 - Includes higher ed and HEI capital outlay recs, pgs. 130 ff.
 - Includes compensation recommendations (final page)
 - https://www.nmlegis.gov/Entity/LFC/Documents/Session_Publications/Budget_Recommendations/2027RecommendVolIII.pdf
- FY27 Executive (DFA/Governor) Budget Recommendations
 - Tend to be less detailed than LFC recs
 - Does not include capital outlay (infrastructure) recs
 - <https://www.nmdfa.state.nm.us/wp-content/uploads/2025/12/FY27-Executive-Budget-Recommendation.pdf>
 - <https://www.nmdfa.state.nm.us/wp-content/uploads/2025/12/FY27-Exec-Rec-Budget-in-Brief-FINAL.pdf>
- FY27 HED Budget Recommendations for General Fund Spending
 - https://hed.nm.gov/uploads/documents/1_-_FY27_HED_GF_Summary_with_line_item_appropriations_Final_1.pdf
- FY27 HED Capital Outlay Recommendations
 - https://hed.nm.gov/uploads/documents/2025_FY27_NMHEd_Capital_Outlay_Recommendation_Letter_with_Exhibits_FINAL.pdf
- Council of University Presidents FY27 “**Unified Priorities**” in conjunction with NMICC and NMACC
 - https://govrel.unm.edu/state-legislative-sessions/2026/hei_unified_priorities_2026_legislative_session_final.pdf; analyses available offline

This report is organized into five sections:

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1. General Overview

For FY27, the New Mexico higher education institutions (HEIs), under the banner of the “unified priorities” agreed upon by the New Mexico Council of University Presidents (**CUP**), the New Mexico Association of Community Colleges (**NMACC**), and the New Mexico Independent Community Colleges (**NMICC**), jointly requested a 4.7% increase in I&G funding subject to the state’s higher ed performance based funding formula and a “compensation increase similar to state agencies.”

A high-level summary of Executive vs. Legislative (i.e., Legislative Finance Committee) recommendations in light of the above referenced “Unified Priorities” may be found in **Table 1**.

Table 1: High-Level Overview
 FY27 LFC vs. Executive Recommendations Benchmarked Against FY27 endorsed “Unified Priorities” from New Mexico’s Three Higher Education Associations

New Mexico Higher Education 2026 Legislative Session Unified Request		
Higher Ed Request	LFC Recommendation	Exec Recommendation
Recurring Requests		
4.7% Funding Formula Increase	4.7%	3.4%
Compensation Increase similar to state agencies	1%	1%
Non Recurring Requests		
Campus Safety - \$20 million	0	0
Expanded Cyber Security - \$13.1 million	\$5 million for State Agency, Public and Higher Education	\$21 million for State Agencies , Public and Higher Education
Building Renewal and Replacement - \$100 million	\$20 million	0
Equipment Renewal and Replacement - \$10 million	\$3 million	0
Innovation Hub Package - \$100 million	\$11.6 million EDD - Science and Tech Startups and R&D \$30 million EDD - Innovation Hubs \$16.4 million EDD - Quantum Benchmarking \$40 million EDD - Research and Development Deployment Fund	\$5.0 million EDD - Quantum Venture Studio \$20 million EDD - Research and Development Deployment Fund \$49.3 million EDD - Quantum Benchmarking
Technology Enhancement Fund Support	0	\$3 million
Language Request		
Dual Credit language tuition rate reimbursement	NA	NA

Source: New Mexico Council of University Presidents

2. Instruction and General (I&G) Budget Recommendations

Instruction and General (I&G) funding consists of appropriations from the General Fund allocated to higher education institutions on a recurring basis through HB 2 each year, typically thought of as base operational funding. The statutory purpose of I&G funding is to provide education services designed to meet the intellectual, educational and quality of life goals associated with the ability to enter the workforce, compete and advance in the new economy and contribute to social advancement through informed citizenship. I&G funding is distinct from Research and Public Service Projects (RPSPs) and sector-wide categorical funding that together constitute the only other sources of recurring funding for higher education institutions contained in each year’s General Appropriations Act, also known as House Bill 2 (HB 2).

The LFC's FY27 budget recommendation included a significant discussion of "base funding adequacy" based on a study the Legislature commissioned three years ago to investigate whether the current funding model and funding formula therein were, indeed, appropriate for all HEIs across the sector:

"The Legislature appropriated \$200,000 in 2023 to the Higher Education Department (HED) to conduct a study of the adequacy of base funding at HEIs statewide. In 2025, the contractor presented a report stating that New Mexico would need to increase its base funding by 109 percent to achieve adequacy. While the report defined adequacy "as the ability of each institution to maintain the value of its assets, offer its programs at high levels of quality, and provide the support services necessary to assure student success," subsequent discussions noted that "adequacy" was more akin to a "gold standard" than to minimum funding required to maintain operations ... the work completed suggests there are inequities in the current I&G base and highlights the need to ensure the funding formula is effectively allocating resources to higher education institutions. The Higher Education Department (HED) recommends \$30 million for base budget increases informed by the study findings. The adjustments range from a low of 0.7 percent at Western New Mexico University to a high of 6.7 percent at UNM-Los Alamos campus ... The LFC does not recommend a non-formula base adjustment." (LFC rec, Vol. II, pgs. 422-423)

Additional details of the Legislative and Executive budget recommendations for FY27 may be found below. As a reminder, I&G and RPSP line items appear in Section 4 of House Bill 2 each year, with initial recommendations appearing in Volume II of LFC's annual budget recommendations.

- Based on FY26 totals, state spending on higher education accounted for 14 percent of the state general fund budget. (LFC FY27 budget recommendations, Vol. II, page 422).
- LFC recommended no new RPSPs or other recurring budget line items for higher education institutions statewide relative to FY27.
- In comparison to the above, the Executive included an FY27 recommendation for a total of 18 new RPSP line items statewide across all higher education institutions for totaling \$5.4 million.
- Important to this year's analysis is the fact both the Executive and LFC recommended that **nursing program expansion RPSPs** at all applicable HEIs statewide be "**rolled up**" into each school's I&G total (**with an additional 3% applied**), eliminating these particular RPSP line items moving forward. The Legislative and Executive recs were also intended to provide a 3% increase for the nursing programs that were rolled up.
- In terms of dollar amounts for nursing expansion programs statewide, both recommendations added a 3% increase to the total \$15.8 million in the nursing expansion RPSPs statewide prior to rolling them into the I&G base, bringing the total to be rolled up to \$16.3 million.
- For FY27, the [Executive Budget Recommendation](#) requests \$15.8 million, or 1.75% above FY26, in "new" I&G funds to be distributed via the higher ed funding formula *statewide*, plus \$15.0 million in upward base adjustments for most institutions based on a recent higher ed funding study, totaling \$30.8 million for the state's higher education funding formula (excluding the roll-up of nursing program expansion RPSPs into I&G), along with a similar 1.75% increase for UNM Health Sciences Center (UNM HSC), a non-formula-funded entity.
- By contrast, the FY27 [LFC Budget Recommendation](#) for recurring spending subject to the state funding formula includes an increase of \$36.2 million, equal to an increase of 4.0%, above FY26 for higher education institutions *statewide*, plus non-formula adjustments totaling \$5.0 million for student support and \$957,800 for graduate student compensation, totaling \$42.1 million (excluding the roll-up of nursing program expansion RPSPs into I&G).

- Statewide funding formula base adjustments for HEIs (inclusive of UNM), as recommended by LFC for FY27, include \$5 million for student support, and \$957,800 for graduate assistant compensation, both to be distributed statewide by relevant state agency administrative formulas. (LFC Vol. II, pg. 415)
- As a reminder, the University of New Mexico Health Sciences Center (and New Mexico “special schools”) do not receive funding through the state higher education funding formula like other HEIs.

Comparison of Budget Recommendations for UNM-Specific Institutions (see **Table 2**, for reference)

- I&G increases for UNM Central (i.e., “Main”) Campus and branch campuses within the **Executive Budget Recommendation** range from 3.81% (Main Campus) to branch campus increases in the range described below:
 - **Gallup Branch:** 11.12% I&G increase, however this includes \$803,500 rolled up from the RPSP nurse expansion line for UNM-G
 - **Los Alamos Branch:** 4.31% I&G increase (and UNM-LA does not currently have a nursing expansion RPSP)
 - **Valencia Branch:** 9.29%, I&G increase, however this includes \$427,200 rolled up from the RPSP nurse expansion line for UNM-V
 - **Taos Branch:** 20.44% I&G increase, however this includes \$884,600 rolled up from the RPSP nurse expansion line for UNM-T
- I&G increases for UNM Central (i.e., “Main”) Campus and branch campuses within the **Legislative Budget Recommendation** range from 5.05% (Main Campus) to branch campus increases in the range described below:
 - **Gallup Branch:** 10.19% I&G increase, however this includes \$803,500 (plus three percent) rolled up from the RPSP nurse expansion line for UNM-G (otherwise, the recommended increase is actually closer to 3.2%)
 - **Los Alamos Branch:** 2.77% I&G increase (UNM-LA does not currently have a nursing RPSP)
 - **Valencia Branch:** 8.72%, I&G increase, however this includes \$427,200 (plus three percent) rolled up from the RPSP nurse expansion line for UNM-V (otherwise, the recommended increase is actually closer to 3.0%)
 - **Taos Branch:** 21.28% I&G increase, however this includes \$884,600 (plus three percent) rolled up from the RPSP nurse expansion line for UNM-T (otherwise, the recommended increase is actually closer to 3.8%)
- For FY27, the **LFC** has recommended **\$104.38** million for **UNM Health Sciences (HSC)** I&G, amounting to an increase of 6.6% inclusive of the nurse expansion rollup (vs. a 5.6% increase without the rollup included). This increase may be summarized as follows (LFC Vol. II, pg. 415):
 - Base increase of \$3.9177 million, or 4%;
 - \$1.5 million for medical faculty compensation;
 - \$42,200 for graduate assistant pay; and
 - \$980,100 for the nurse expansion rollup from RPSP into I&G (note: HED and DFA were made aware of some apparent technical errors observed in the nurse expansion roll-up for HSC)
- In comparison to the above, the **Executive** recommended **\$99.7** million for **HSC** I&G in FY27, an increase of \$1.7 million or 1.75%.

Table 2. FY 27 Budget Recommendations Comparisons: HB 2 (Sec. 4) Recurring Line Items

UNM Institution/Program	FY26 OpBud	FY27 HED Rec	FY27 Executive Rec	FY27 LFC Rec	HED Rec Over/Under FY26 OpBud	Exec Rec Over/Under FY26 OpBud	LFC Rec Over/Under FY26 OpBud	HED % Change	Exec % Change	LFC % Change
UNIVERSITY OF NEW MEXICO										
Main Campus I&G	285,341.8	305,545.0	296,214.7	299,760.2	20,203.2	10,872.9	14,418.4	7.08%	3.81%	5.05%
Athletics (categorical)	11,657.8	11,657.8	11,657.8	8,657.8	0.0	0.0	-3,000.0	0.00%	0.00%	-25.73%
Educational television (categorical)	1,352.5	3,412.0	1,352.5	1,352.5	2,059.5	0.0	0.0	152.27%	0.00%	0.00%
Main Campus-Tribal education initiatives	1,291.4	1,291.4	1,291.4	1,291.4	0.0	0.0	0.0	0.00%	0.00%	0.00%
Main Campus-Teacher pipeline initiatives	101.2	101.2	101.2	101.2	0.0	0.0	0.0	0.00%	0.00%	0.00%
Gallup Branch-I&G	11,812.6	13,574.1	13,126.6	13,016.7	1,761.5	1,314.0	1,204.1	14.91%	11.12%	10.19%
Gallup Branch-Tribal education initiatives	103.7	103.7	103.7	103.7	0.0	0.0	0.0	0.00%	0.00%	0.00%
Los Alamos Branch-I&G	2,547.2	2,759.9	2,657.1	2,617.8	212.7	109.9	70.6	8.35%	4.31%	2.77%
Valencia Branch-I&G	7,673.9	8,635.9	8,386.6	8,342.9	962.0	712.7	669.0	12.54%	9.29%	8.72%
Taos Branch-I&G	5,204.3	6,399.3	6,267.8	6,311.7	1,195.0	1,063.5	1,107.4	22.96%	20.44%	21.28%
Research and Public Service Projects										
Judicial Selection	176.7	176.7	176.7	176.7	0.0	0.0	0.0	0.00%	0.00%	0.00%
Southwest Research Center	858.0	858.0	858.0	858.0	0.0	0.0	0.0	0.00%	0.00%	0.00%
Resource Geographic Information System	71.6	71.6	71.6	71.6	0.0	0.0	0.0	0.00%	0.00%	0.00%
Southwest Indian Law Clinic	220.3	220.3	220.3	220.3	0.0	0.0	0.0	0.00%	0.00%	0.00%
Geospatial and population studies/BBER	417.2	417.2	417.2	417.2	0.0	0.0	0.0	0.00%	0.00%	0.00%
Manufacturing engineering program	568.2	568.2	568.2	568.2	0.0	0.0	0.0	0.00%	0.00%	0.00%
Wildlife law education	101.8	101.8	101.8	101.8	0.0	0.0	0.0	0.00%	0.00%	0.00%
Community-based education	582.8	582.8	582.8	582.8	0.0	0.0	0.0	0.00%	0.00%	0.00%
Corinne Wolfe children's law center	173.6	173.6	173.6	173.6	0.0	0.0	0.0	0.00%	0.00%	0.00%
Mock trial program and high school forensics	411.6	411.6	411.6	411.6	0.0	0.0	0.0	0.00%	0.00%	0.00%
Utton transboundary resources center	461.7	461.7	461.7	461.7	0.0	0.0	0.0	0.00%	0.00%	0.00%
Gallup Branch - nurse expansion	803.5	0.0	0.0	0.0	-803.5	-803.5	-803.5	-100.00%	-100.00%	-100.00%
Valencia Branch - nurse expansion	427.2	0.0	0.0	0.0	-427.2	-427.2	-427.2	-100.00%	-100.00%	-100.00%
Taos Branch - nurse expansion	884.6	0.0	0.0	0.0	-884.6	-884.6	-884.6	-100.00%	-100.00%	-100.00%
University of New Mexico press	482.5	482.5	482.5	482.5	0.0	0.0	0.0	0.00%	0.00%	0.00%
New Mexico bioscience authority	335.5	335.5	335.5	335.5	0.0	0.0	0.0	0.00%	0.00%	0.00%
Natural heritage New Mexico database	53.3	53.3	53.3	53.3	0.0	0.0	0.0	0.00%	0.00%	0.00%
Border justice initiative	196.5	196.5	196.5	196.5	0.0	0.0	0.0	0.00%	0.00%	0.00%
Wild friends program	79.9	79.9	79.9	79.9	0.0	0.0	0.0	0.00%	0.00%	0.00%
School of public administration	103.7	103.7	103.7	103.7	0.0	0.0	0.0	0.00%	0.00%	0.00%
Teacher education at branch colleges	62.8	62.8	62.8	62.8	0.0	0.0	0.0	0.00%	0.00%	0.00%

36	Quantum NM Institute [NEW/PROPOSED for FY27]	N/A	2,930.0	1,500.0	0.0	2,930.0	1,500.0	0.0	N/A	N/A	N/A
37	UNM-Gallup Law Enfrc Acad [NEW/PROPOSED for FY27]	N/A	400.0	N/A	0.0	400.0	0.0	0.0	N/A	N/A	N/A
38	Structured Literacy Coord [NEW/PROPOSED for FY27]	N/A	125.0	125.0	0.0	125.0	125.0	0.0	N/A	N/A	N/A
39	TOTAL MAIN + BRANCH CAMPUS RECURRING (I&G + RPSPs)	334,559.4	362,293.0	348,142.1	346,913.6	27,733.6	13,582.7	12,354.2	8.29%	4.06%	3.69%
		FY26 OpBud	FY27 HED Rec	FY27 Executive Rec	FY27 LFC Rec	HED Rec Over/Under FY26 OpBud	Exec Rec Over/Under FY26 OpBud	LFC Rec Over/Under FY26 OpBud	HED % Change	Exec % Change	LFC % Change
41	UNM HEALTH SCIENCES CENTER										
42	Health Sciences Center I&G	97,941.3	100,879.5	99,655.2	104,381.3	2,938.2	1,713.9	6,440.0	3.00%	1.75%	6.58%
	Research and Public Service Projects										
44	ENLACE	980.7	980.7	980.7	980.7	0.0	0.0	0.0	0.00%	0.00%	0.00%
45	Graduate medical education/residencies	2,549.0	2,549.0	2,549.0	2,549.0	0.0	0.0	0.0	0.00%	0.00%	0.00%
46	Office of the Medical Investigator	11,811.2	14,000.0	12,811.2	13,811.2	2,188.8	1,000.0	2,000.0	18.53%	8.47%	16.93%
47	Native American suicide prevention	100.5	100.5	100.5	100.5	0.0	0.0	0.0	0.00%	0.00%	0.00%
48	Children's psychiatric hospital	12,613.3	12,613.3	12,613.3	12,613.3	0.0	0.0	0.0	0.00%	0.00%	0.00%
49	Carrie Tingley hospital	9,871.9	9,871.9	9,871.9	9,871.9	0.0	0.0	0.0	0.00%	0.00%	0.00%
50	Newborn intensive care	3,673.0	3,673.0	3,673.0	3,673.0	0.0	0.0	0.0	0.00%	0.00%	0.00%
51	Pediatric oncology	1,677.7	1,677.7	1,677.7	1,677.7	0.0	0.0	0.0	0.00%	0.00%	0.00%
52	Poison and drug information center	2,781.7	2,781.7	2,781.7	2,781.7	0.0	0.0	0.0	0.00%	0.00%	0.00%
53	Cancer Center	8,461.4	9,500.0	8,711.4	8,461.4	1,038.6	250.0	0.0	12.27%	2.95%	0.00%
54	Genomics, biocomputing and env. health rsrch	945.7	945.7	945.7	945.7	0.0	0.0	0.0	0.00%	0.00%	0.00%
55	Trauma specialty education	250.0	250.0	250.0	250.0	0.0	0.0	0.0	0.00%	0.00%	0.00%
56	Pediatrics specialty education	250.0	250.0	250.0	250.0	0.0	0.0	0.0	0.00%	0.00%	0.00%
57	Native American health center	336.0	336.0	336.0	336.0	0.0	0.0	0.0	0.00%	0.00%	0.00%
58	Nurse expansion	951.6	0.0	0.0	0.0	-951.6	-951.6	-951.6	-100.00%	-100.00%	-100.00%
59	Graduate nurse education	4,824.2	4,824.2	4,824.2	4,824.2	0.0	0.0	0.0	0.00%	0.00%	0.00%
60	Child abuse evaluation center	166.1	166.1	166.1	166.1	0.0	0.0	0.0	0.00%	0.00%	0.00%
61	Hepatitis community health outcomes	10,240.9	10,240.9	10,240.9	10,240.9	0.0	0.0	0.0	0.00%	0.00%	0.00%
62	Comprehensive movement disorders clinic	436.5	436.5	436.5	436.5	0.0	0.0	0.0	0.00%	0.00%	0.00%
63	Office of the medical investigator grief services	341.7	341.7	341.7	341.7	0.0	0.0	0.0	0.00%	0.00%	0.00%
64	Physicians asst progrm & nurse practitioners	653.0	653.0	653.0	653.0	0.0	0.0	0.0	0.00%	0.00%	0.00%
65	Special needs dental	500.0	500.0	500.0	500.0	0.0	0.0	0.0	0.00%	0.00%	0.00%
66	Undergraduate nursing education	1,500.0	1,500.0	1,500.0	1,500.0	0.0	0.0	0.0	0.00%	0.00%	0.00%
67	Population Health [NEW/PROPOSED for FY27]	0.0	2,500.0	1,000.0	0.0	2,500.0	1,000.0	0.0	N/A	N/A	N/A
68	TOTAL HSC RECURRING (I&G + RPSPs)	173,857.4	181,571.4	176,869.7	181,345.8	7,714.0	3,012.3	7,488.4	4.44%	1.73%	4.31%
69	ALL UNM CAMPUSES: TOTAL RECURRING	508,416.8	543,864.4	525,011.80	528,259.4	35,447.6	16,595.0	19,842.6	6.97%	3.26%	3.90%

- For **UNM Athletics**, the Executive recommended flat funding for FY27 compared to the FY26 categorical (recurring) line item; the Legislative recommendation eliminated last year’s \$3.0 million increase to UNM Athletics’ recurring line item, but then recommended a \$4.0 million non-recurring temporary increase for each of the next three years: FY27, FY28, and FY29.
- **UNM *new* RPSP requests** supported by the Executive in its FY27 budget recommendations included the Quantum NM Institute (\$1.5 million), \$125,00 for a structured literacy (a proposal initiated by the Executive), and \$1.0 million for College of Population Health.
- **UNM *expansion* RPSP requests** supported by the Executive in its FY27 budget recommendations (as compared to the FY26 operating budgets for these same programs) include +\$1.0 million for Office of the Medical Investigator and +\$250,000 for UNM Comprehensive Cancer Center
- **UNM *expansion* RPSP requests** supported by LFC in its FY27 budget recommendations (as compared to the FY26 operating budgets for these same programs) included +\$2.0 million for the Office of the Medical Investigator. As noted above, LFC did not recommend any *new* RPSP requests statewide

The FY27 LFC Budget recommendations (Volume II, pg. 424) included a significant discussion of tuition and fees—some key points are excerpted below:

- *“Tuition and fees are set by the governing boards of the various institutions, and increases do not require approval of a statewide entity.”*
- *“New Mexico’s relatively rich financial aid package, including the lottery and opportunity scholarships, current pays over half of tuition and fees assessed to students. However, the scholarship programs do not guarantee full payment of tuitions and fees, so tuition costs in excess of the scholarship appropriations will fall on the student. This preserves appropriations authority but confuses policy; New Mexico students are promised tuition-free higher education, but whether this promise can be kept changes based on availability of funding and HEI tuition policy.”*
- *“Recurring revenues have not been sufficient to pay the costs of the financial aid programs. The lottery scholarship incurs costs of roughly \$87 million per year and receives lottery revenue of approximately \$45 million, while the opportunity scholarship costs around \$178 million and has recurring revenue of \$146 million. To bridge this gap, the Legislature created the \$1 billion higher education trust fund that generates revenue of approximately \$50 million used to cover full costs of the tuition programs. The trust fund revenue was expected to cover tuition and fee costs through FY31, assuming moderate enrollment and tuition growth. However, increases in tuition significantly outpaced projections, and the scholarship program revenue is projected to be insufficient to meet costs in FY27.”*
- **Additional information** about LFC’s concerns regarding solvency of the state’s financial aid long-term outlook may be found in the FY27 LFC Budget recommendations, Volume II, pg. 424. LFC provides an [analysis of the state’s Higher Education Trust Fund](#) on page 116 of Volume III.

The LFC budget recommendations also included the following discussion of new degree completion targets for FY27:

“Persistence and Completion. *New Mexico higher education institutions currently rank 47th in the nation for graduation within 150 percent of standard time, a slight increase from years prior when the state ranked*

between 48th and 49th. Four-year colleges in New Mexico report 48 percent of students graduating within six years of beginning a bachelor's degree program, compared with a national graduation rate of 59 percent. New Mexico two-year institutions have a three-year graduation rate for associate degrees of 26 percent compared with the national average of 33.8 percent. For FY27, LFC recommends targets for graduation within 150 percent of normal time be set at 60 percent for research institutions, 50 percent for comprehensive colleges, and 35 percent for two-year colleges." (LFC FY27 Budget Recommendations, Vol. II, pg. 424)

3. Language Recommendations in the FY27 LFC and Executive Budget Recommendations

Section 4 of HB 2 occasionally includes some controlling language—a technical term—intended to guide the Higher Education Department and/or higher education institutions administered by the Department and each institution's independent board of regents. Below are excerpts of such language:

FY27 LFC Recommendation, Vol. II, pg. 425—appropriations policy language proposed for HB 2:

For the Higher Education Subsection: On approval of the higher education department, the state budget division of the department of finance and administration may approve increases in budgets of agencies in this subsection whose other state funds exceed amounts specified, with the exception of the policy development and institutional financial oversight program of the higher education department. In approving budget increases, the director of the state budget division shall advise the legislature through its officers and appropriate committees, in writing, of the justification for the approval.

On approval of the higher education department and in consultation with the legislative finance committee, the state budget division of the department of finance and administration may reduce general fund appropriations, up to three percent, to institutions whose lower level common courses are not completely transferrable or accepted among public colleges and universities in New Mexico.

The department of finance and administration shall, as directed by the secretary of higher education, withhold from an educational institution or program that the higher education department places under an enhanced fiscal oversight program a portion, up to ten percent, of the institution's or program's general fund allotments. On written notice by the secretary of higher education that the institution or program has made sufficient progress toward satisfying the requirements imposed by the higher education department under the enhanced fiscal oversight program, the department of finance and administration shall release the withheld allotments. Money withheld in accordance with this provision and not released at the end of fiscal year 2027 shall revert to the general fund. The secretary of the department of finance and administration shall advise the legislature through its officers and appropriate committees, in writing, of the status of all withheld allotments.

The department shall not distribute lottery or opportunity scholarship reimbursements to higher education institutions for tuition and fees over the rates charged in the fall semester of 2025.

Except as otherwise provided, any unexpended balances remaining at the end of fiscal year 2027 shall not revert to the general fund.

For comparison purposes, see:

FY27 Executive Recommendation, pg. 47—appropriations policy language proposed for HB 2:

95000 Higher Education Department

Upon approval, the higher education department, in consultation with the legislative finance committee, the state budget division of the department of finance and administration and the public education department may reduce general fund appropriations, up to fifty percent, to institutions who do not adopt and implement the science of reading and structured literacy instruction techniques to teacher education programs.

If a higher education institution increases tuition for the 2026-2027 academic year more than three percent over the rate for the 2025-2026 academic year, the general fund appropriation for the higher education institution's instruction and general purposes shall be reduced by an amount equal to the incremental amount generated by the tuition rate increase over three percent. Funding withheld in accordance with this provision and not released at the end of fiscal year 2027 shall revert to the higher education trust fund.

4. Special, Supplemental and Deficiency Appropriations

Table 3 summarizes the status of many of UNM’s requests for Special, Supplemental, and Deficiency one-time appropriations as those would typically appear in Sections 5, 6, and 9 of HB 2. Due to variance in both language and funding amounts in these types of requests, it is sometimes difficult to cross-compare Executive branch vs. Legislative recommendations and track changes to single requests throughout the appropriations process over time.

UNM’s requests in this area included a range of topics including (but not limited to) improvements to safety and learning accessibility for students, UNM Athletics, student support and success, enterprise resource planning, public broadcasting, graduate assistant compensation, golf course improvements, Office of the Medical Investigator, energy efficiency programs, K-12 outreach programs, public health educational programming, and additional funding for the state’s Technology Enhancement Fund.

In Table 3, we include a range of special appropriation requests with relevance to UNM, comparing the Executive and Legislative recommendations for individual nonrecurring requests to the extent possible. Notably, a significant number of LFC-driven Special, Supplemental, and Deficiency budget recommendations appear to have no obvious antecedents within either the HED requests or the DFA requests, suggesting that LFC did not limit themselves to consideration of those nonrecurring priorities proffered by the Executive. In fact, Sections 5, 6, and 9 of HB 2 typically exhibit a balanced combination of requests and special initiatives originating in both the Legislature and the Executive. A significant number of other agency requests for nonrecurring appropriations have some bearing on UNM’s priorities for the session.

Notably for the UNM Research enterprise, the LFC FY27 Budget Recommendation includes significant growth in one-time funding spread across three different state agencies, signaling distinct but complementary purposes, that can serve as sources of *state matching funds* to help make New Mexico-based federal grant applications more competitive in the national sphere:

- The New Mexico Match Fund, administered by DFA, was created in the 2024 session and received its first appropriation in FY25; the Executive recommended \$60 million for FY27 and Legislature recommended \$25 million for FY27
- The New Mexico Research, Development, and Deployment Fund, created in the 2025 legislative session, and administered by the Economic Development Department (EDD), for which LFC is recommending \$40 million in FY27 and the Executive recommended \$20 million
- The Technology Enhancement Fund, administered by HED, was created in 2003 but didn’t receive its first appropriation until FY23; HED recommended \$3 million for FY27 and the Legislature recommended zero

For distribution from the **Opioid Settlement Fund**, LFC recommends flat funding for FY27 for UNM Project ECHO (\$800,000 and UNM Children’s Psychiatric Hospital (\$1.0 million). (LFC Rec, Vol. III, page. 78)

Table 3. Select Highlights of FY27 Special Appropriations in LFC & Exec Recs (in thousands)

Source: LFC FY27 Budget Recommendations, Volume I, pg. 197ff.; State of New Mexico Executive Budget Recommendation FY27

Blue shading indicates Executive Recommendations; Unshaded items are as recommended by LFC

HB2 Sec.	Agency To Be Funded	Language	LFC or Exec Funding Recommendation			
			Gen Fund	Other	Total	
1	5	LFC	To contract for a higher education performance-based funding formula. Any unexpended balances remaining at the end of fiscal year 2027 shall not revert and may be expended through fiscal year 2028.	\$2,000.0		\$2,000.0
17	5	DFA	To the New Mexico Match Fund.	\$25,000.0		\$25,000.0
	N/A	DFA	To the New Mexico Match Fund	\$60,000.0		\$60,000.0
	N/A	DFA	For educational television and public radio for expenditure in fiscal year 2027 through 2028.	\$5,561.0		\$5,561.0
	N/A	DFA	For purposes outlined in the opioid crisis recovery fund	\$11,647.4		\$11,647.4
	N/A	DFA	To the federal reimbursement revolving fund.			
21	5	Dept of Info Technology	To support cybersecurity initiatives for executive branch agencies, public education institutions, institutions of higher education, municipalities, counties and other public entities.	\$5,000.0		\$5,000.0
	N/A	Dept of Info Technology	For the purpose of supporting cybersecurity initiatives across executive branch agencies, public education institutions, institutions of higher education, municipalities, counties and other public entities for expenditures through fiscal year 2028.	\$21,000.0		\$21,000.0
	N/A	Dept of Info Technology	For data center infrastructure.	\$5,000.0		\$5,000.0
28	5	Econ Dev Dept	For economic development and tourism.	\$5,000.0		\$5,000.0
29	5	Econ Dev Dept	For grants supporting small businesses, entrepreneurs, startups, and research and development in the science and technology target sectors.	\$11,600.0		\$11,600.0
30	5	Econ Dev Dept	For information technology hardware and software.	\$215.0		\$215.0
31	5	Econ Dev Dept	For innovation hubs, including seven million dollars (\$7,000,000) for start up costs.	\$30,000.0		\$30,000.0
32	5	Econ Dev Dept	For outdoor equity grants.	\$3,000.0		\$3,000.0
33	5	Econ Dev Dept	For the healthy food financing program for expenditure in fiscal year 2027.	\$2,000.0		\$2,000.0
34	5	Econ Dev Dept	For the quantum benchmarking initiative to match funds from the federal defense advanced research projects agency.	\$16,400.0		\$16,400.0
35	5	Econ Dev Dept	For the research, development and deployment fund contingent on performance outcomes, including research spending, jobs created, and business scaling.	\$40,000.0		\$40,000.0
36	5	Econ Dev Dept	For trails plus grants.	\$10,000.0		\$10,000.0
	N/A	Econ Dev Dept	For business recruitment and attraction efforts with the New Mexico partnership.	\$2,000.0		\$2,000.0
	N/A	Econ Dev Dept	For the technology innovation prize.	\$3,000.0		\$3,000.0
	N/A	Econ Dev Dept	For the quantum venture studio.	\$5,000.0		\$5,000.0
	N/A	Econ Dev Dept	To the development training fund for the JTIP incentive program	\$5,000.0		\$5,000.0
	N/A	Econ Dev Dept	To the LEDA fund for economic development projects pursuant to the Local Economic Development Act.	\$10,000.0		\$10,000.0
	N/A	Econ Dev Dept	To the research, development and deployment fund.	\$20,000.0		\$20,000.0
	N/A	Econ Dev Dept	For the quantum benchmarking initiative to match funds from the federal DARPA through fiscal year 2029.	\$49,300.0		\$49,300.0
42	5	EMNRD	For grants and loans for a wildfire mapping database.	\$2,000.0		\$2,000.0

	N/A	EMNRD	To support the development of an AI-enabled wildfire early detection camera network statewide.	\$2,000.0		\$2,000.0
47	5	State Engineer	To the interstate stream commission in partnership with the middle Rio Grande conservancy district to plan, implement and maintain bosque management projects the middle Rio Grande valley. Any unexpended balance remaining at the end of fiscal year 2027 shall not revert and may be expanded in fiscal year 2028.	\$7,000.0		\$7,000.0
	N/A	Indian Affairs Dept	For public television and radio for expenditure in fiscal year 2027 through 2028.	\$429.6		\$429.6
	N/A	Indian Affairs Dept	To provide professional development and implementation support for the family infant toddler workforce in using evidence-based interventions.	\$3,000.0		\$3,000.0
52	5	Health Care Authority	For costs associated with competency to stand trial examinations, testing and court-ordered testimony provided by contracted forensic examiners.	\$2,000.0		\$2,000.0
	N/A	Health Care Authority	For costs associated with competency to stand trial examinations, testing and court-ordered testimony provided by contracted forensic examiners.	\$2,000.0		\$2,000.0
53	5	Health Care Authority	For healthcare supports in disadvantaged communities.	\$35,000.0		\$35,000.0
54	5	Health Care Authority	For posting and notice-related costs resulting from revised federal policy changes.	\$4,371.0	\$8,794.5	\$13,165.5
55	5	Health Care Authority	For support system improvements, staff training and process enhancements to reduce payment errors, strengthen compliance and mitigate future liability under federal quality control requirements.	\$8,855.2		\$8,855.2
56	5	Health Care Authority	To implement development, delivery and support for a new training infrastructure for statewide screening, brief intervention and referral to treatment as mandated by the 2025 New Mexico Comprehensive Addiction and Recovery Act.	\$7,000.0		\$7,000.0
	N/A	Health Care Authority	To implement development, delivery and support for a new training infrastructure for statewide screening, brief intervention and referral to treatment as mandated by the 2025 New Mexico Comprehensive Addiction and Recovery Act.	\$7,000.0		\$7,000.0
	N/A	Health Care Authority	To reduce health care premiums and cost sharing for New Mexico residents over 400% of the federal poverty level who purchase health care coverage on the New Mexico health insurance exchange. The other state funds appropriation is from the health care affordability fund.		\$38,100.0	\$38,100.0
	N/A	Health Care Authority	For maintaining health coverage for lawfully present medicaid enrollees who will lose medicaid eligibility on October 1, 2026. The other state funds appropriation is from the health care affordability fund.		\$92,900.0	\$92,900.0
	N/A	Health Care Authority	To address needs in supplemental nutrition assistance program - education programming, in consultation with the higher education department for distribution to higher education institutions in fiscal year 2027.	\$2,500.0		\$2,500.0
	N/A	Health Care Authority	For certified community behavioral health clinician services.	\$9,784.4	\$35,215.6	\$45,000.0
59	5	Dept of Environment	For community energy project completion.	\$25,000.0		\$25,000.0
61	5	Dept of Environment	To the strategic water supply fund.	\$40,000.0		\$40,000.0

Blue shading indicates Executive Recommendations;
Unshaded items are as recommended by LFC

62	5	Dept of Environment	To the uranium mining reclamation revolving fund.	\$20,000.0		\$20,000.0
78	5	Public Ed Department	For science, technology, engineering, arts and mathematics initiatives.	\$3,000.0		\$3,000.0
	N/A	Public Ed Department	For science, technology, engineering, arts and mathematics initiatives.	\$6,000.0		\$6,000.0
79	5	Public Ed Department	For student reading and math intervention programs.	\$29,000.0		\$29,000.0
	N/A	Public Ed Department	For a reading intervention program based on the science of reading.	\$30,000.0		\$30,000.0
81	5	Public Ed Department	For the implementation of special education initiatives by the public education department.	\$4,000.0		\$4,000.0
	N/A	Public Ed Department	For the implementation of special education initiatives by the public education department.	\$4,000.0		\$4,000.0
82	5	Public Ed Department	For the recruitment and retention of educator fellows and grow your own teacher programs, including one million dollars (\$1,000,000) for teacher recruitment pilots and programs to improve the teacher workforce pipeline. The public education department shall prioritize awards to school districts and charter schools that provide local matching funds for participating educators.	\$20,000.0		\$20,000.0
	N/A	Public Ed Department	For the operation of the literacy institute.	\$3,000.0		\$3,000.0
	N/A	Public Ed Department	For career technical education, including pilot programs, and advanced placement support	\$38,500.0		\$38,500.0
85	5	Higher Ed Department	For defense research, commercialization and student supports.	\$16,000.0		\$16,000.0
86	5	Higher Ed Department	For distribution to the athletics departments of comprehensive colleges based on the proportional size of state athletics appropriations to each college provided that no more than one million dollars (\$1,000,000) shall be distributed annually in fiscal years 2027, 2028, and 2029.	\$3,000.0		\$3,000.0
87	5	Higher Ed Department	For distribution to the higher education institutions of New Mexico for building renewal and replacement and facility demolition for expenditure in fiscal year 2027. A report of building renewal and replacement transfers must be submitted to the higher education department before funding is released. In the event of a transfer of building renewal and replacement funding to cover institutional salaries, or any other ineligible purpose as defined in the New Mexico higher education department space policy, funding shall not be released to the higher education institutions.	\$20,000.0		\$20,000.0
88	5	Higher Ed Department	For distribution to the higher education institutions of New Mexico for equipment renewal and replacement. A report of equipment and renewal and replacement transfers must be submitted to the higher education department before funding is released. In the event of a transfer of equipment renewal and replacement funding to cover institutional salaries, funding shall not be released to the higher education institution.	\$3,000.0		\$3,000.0
89	5	Higher Ed Department	For the health professional loan repayment program contingent on enactment of legislation to increase the maximum annual amount of loan repayment for physicians of the second session of the fifty-seventh legislature.	\$25,000.0		\$25,000.0

	N/A	Higher Ed Department	For the health professional loan repayment program.	\$25,000.0		\$25,000.0
	N/A	Higher Ed Department	For a partnership with a New Mexico college of osteopathic medicine to improve a comprehensive outreach program to increase interest in the healthcare field within the state of New Mexico.	\$1,500.0		\$1,500.0
	N/A	Higher Ed Department	To the Technology Enhancement Fund.	\$3,000.0		\$3,000.0
	N/A	Higher Ed Department	To the lottery tuition fund.	\$9,800.0		\$9,800.0
	N/A	Higher Ed Department	To the teacher preparation affordability program.	\$5,000.0		\$5,000.0
90	5	University of New Mexico	For a behavioral health technical assistance center to support the behavioral health reform and investment act. Any unexpended balance remaining at the end of fiscal year 2027 shall not revert and may be expended through fiscal year 2029.	\$6,800.0		\$6,800.0
91	5	University of New Mexico	For planning, design, and construction of the school of medicine. The other state funds appropriation is from the higher education major projects fund.		\$150,000.0	\$150,000.0
92	5	University of New Mexico	For the athletics department provided that no more than four million dollars (\$4,000,000) shall be expended annually in fiscal years 2027, 2028, and 2029.	\$12,000.0		\$12,000.0
93	5	University of New Mexico	For the office of the medical investigator at the university of New Mexico for surgical lighting and equipment for a health radio frequency identification body management system.	\$114.2		\$114.2
	N/A	University of New Mexico	For the office of the medical investigator at the university of New Mexico for the procurement and installation of upgraded surgical lighting and health radio frequency identification body management system equipment.	\$114.2		\$114.2
	N/A	University of New Mexico	For an endowed faculty position in the department of political science.	\$1,500.0		\$1,500.0
	N/A	Health Care Authority - supplemental request	To compensate for significant managed care rate increases over the second half of fiscal year 2026. The other state funds appropriation is from the medicaid drug rebate program fund balance.		\$133,679.7	\$133,679.7
116	7	Higher Ed Department	To complete the collaborative for the higher education shared services project. The other state funds appropriation is from the higher education shared services colleges' operational fund balances.		\$24,364.4	\$24,364.4
117	9	Admin Office of the Courts	For the expansion of assisted outpatient treatment programs, a competency diversion pilot and other behavioral health programs, for expenditure in fiscal years 2027 and 2028.		\$1,265.4	\$1,265.4
125	9	Public Ed Department	To conduct a randomized controlled trial of innovation zones to improve student attendance, graduation, and employability. Up to one hundred thousand dollars (\$100,000) may be used by the public education department to evaluate and monitor outcomes. The other state funds appropriation is from the public education reform fund.		\$34,500.0	\$34,500.0
126	9	Public Ed Department	To conduct a randomized controlled trial of out-of-school time programs to improve student reading proficiency, math proficiency, and attendance. Up to two hundred thousand dollars (\$200,000) may be used by the public education department to evaluate and		\$21,600.0	\$21,600.0

		monitor outcomes. The other state funds appropriation is from the public education reform fund.				
127	9	Public Ed Department	To conduct a randomized controlled trial on high impact tutoring during the school day to improve student reading proficiency and math proficiency. Up to one hundred thousand dollars (\$100,000) may be used by the public education department to evaluate and monitor outcomes. The other state funds appropriation is from the public education reform fund.		\$15,300.0	\$15,300.0
129	10	DFA	[BEHAVIORAL HEALTH TRUST FUND] The general fund transfer is in fiscal year 2027.	\$50,000.0		\$50,000.0
130	10	DFA	[OPIOID CRISIS RECOVERY FUND] The other state funds transfer is from the opioid settlement restricted fund in fiscal year 2026.		\$12,102.0	\$12,102.0
131	10	DFA	[OPIOID CRISIS RECOVERY FUND] The other state funds transfer is from the opioid settlement restricted fund in fiscal year 2027.		\$12,102.0	\$12,102.0
135	10	Higher Ed Department	[HIGHER EDUCATION MAJOR PROJECTS FUND] The general fund transfer is in fiscal year 2027 contingent on enactment of legislation of the second session of the fifty-seventh legislature creating the higher education major projects fund.	\$300,000.0		\$300,000.0
136	10	Higher Ed Department	[LOTTERY TUITION FUND] The general fund transfer is in fiscal year 2027.	\$56,000.0		\$56,000.0
137	10	Computer System Enhanc Fund	[COMPUTER SYSTEM ENHANCEMENT FUND] The general fund transfer is in fiscal year 2027.	\$30,000.0		\$30,000.0

Blue shading indicates Executive Recommendations; Unshaded items are as recommended by LFC

As was the case in recent years, the Legislature is contemplating setting aside funding for three-year pilot projects under the funding mechanism known as Government Results and Opportunity Expendable Trust, also commonly referred to as the GRO appropriations, appearing in Section 9 of HB 2. One such proposal seeking to support the state’s advanced energy and quantum-related R&D ecosystem surfaced for the first time on Thurs., Jan. 15, 2026 as led by the Senate Finance Committee and/or key elements therein:



<https://www.krqe.com/news/politics-government/legislature/state-leaders-push-for-investments-to-make-new-mexico-a-hub-for-quantum-and-high-tech-industries/>

Table 3 above also contains one-time transfers of state funding into particular restricted funds for further distribution by the Legislature and/or Executive, typically found in Sec. 10 of HB 2 each year.

5. Public Employee Compensation

Both the LFC and the Executive recommend a one (1.0) percent compensation increase for faculty and Staff, consistent with the recommendation for most other state agencies. The LFC proposes an allocation of \$12.6 million to fund that 1.0 percent increase. Compensation increases in are included each year in Section 8 of HB 2, budget capacity permitting, as as one-time outlay of additional funding in Section 8 of the bill, after which they are incorporated into next year’s base funding for each HEI in Section 4 of HB 2. **Table 4** below provides details of LFC’s proposed framework for public employee compensation in FY27. As was the case in recent years, this iteration of the employee compensaiton framework assume that this state funding is designed to be sufficient to cover 80% of a compensation increase of a designated percentage (here, one percent) for I&G-funded positions at higher education institutions. HEIs would be responsible for providing the remainder.

Table 4: Public Employee Compensation

Source: LFC FY27 Budget Recommendations, Vol. III, page. 166

LFC Recommendation for Public Employee Compensation, FY27 (in thousands)						
	Salary	Benefits	Total	GF Proportion	1% GF Cost	LFC Rec.*
Legislative	\$25,174.4	\$7,226.7	\$32,401.1	100.0%	\$324.0	\$324.0
Judicial						
Court Employees	\$170,871.0	\$47,577.1	\$218,448.1	93.1%	\$2,034.6	\$2,034.6
DA Employees	\$76,742.9	\$21,973.3	\$98,716.2	95.5%	\$942.8	\$942.8
PD Employees	\$38,787.8	\$11,193.9	\$49,981.7	100.0%	\$499.8	\$499.8
Total Judiciary	\$286,401.8	\$80,744.3	\$367,146.1	94.7%	\$3,477.3	\$3,477.3
Executive						
All Agencies (Pay)	\$1,511,407.3	\$439,146.3	\$1,950,553.6	49.2%	\$9,596.7	\$9,596.7
Total State	\$1,822,983.4	\$527,117.4	\$2,350,100.8	57.0%	\$13,398.1	\$13,398.0
Higher Education						
Faculty	\$466,629.8	\$129,723.1	\$596,352.8	80.0%	\$4,770.8	\$4,770.8
Staff	\$709,404.7	\$197,214.5	\$906,619.2	80.0%	\$7,253.0	\$7,253.0
Special Schools	\$45,639.1	\$12,687.7	\$58,326.8	100.0%	\$583.3	\$583.3
Total Higher Ed.	\$1,221,673.6	\$339,625.3	\$1,561,298.9	80.7%	\$12,607.0	\$12,607.0
Total State and HEIs	\$3,044,657.0	\$866,742.6	\$3,911,399.7	66.5%	\$26,005.1	\$26,005.1
Public Education (included in Public School Support, Section 4)						
State Equalization Guarantee			\$3,604,368.2	100.0%	\$36,043.7	\$36,043.7
Transportation			\$66,201.1	100.0%	\$662.0	\$662.0
Total Public Education			\$3,670,569.3	100.0%	\$36,705.7	\$36,705.7
Total Non-Education			\$2,350,100.8		\$13,398.1	\$13,398.0
Total Education			\$5,231,868.2		\$49,312.7	\$49,312.7
Grand Total			\$7,581,969.0		\$62,710.8	\$62,710.8

Source: LFC Files

6. Priority Capital Outlay Recommendations

Capital outlay requests support infrastructure projects at higher education institutions and other government agencies, seeking funding through a particular type of nonrecurring legislative appropriation. Capital outlay requests are drafted into a stand-alone bill, and the bill number for that legislation is different each year. The request process is managed by the state in two separate, formal tracks:

- the statewide framework, for which the HED Capital Committee convened hearings last summer with additional staff representation from both LFC and DFA, and also the state’s Energy, Minerals, and Natural Resources Department; as compared to:
- “individually-sponsored” (or as it is sometimes labeled, “discretionary”) capital outlay requests that may be selected by one or more House and/or Senate members, with *ad hoc* rules announced during the session that will dictate what quantify discretionary funding will be available for capital outlay requests to benefit the legislators’ individual hometown districts and beyond.

Table 5 provides a comparison of HED vs. LFC budget recs for those (generally larger-scale) capital outlay requests that went through this summer hearings process, as considered for inclusion in the statewide framework. Please note that the “estimated project cost” column represents the total project costs *that were forecasted as of last summer*. Since that time, some of those original estimated costs may have changed, based on a number of dynamic factors.

The criteria used by Legislative and Executive decision-makers to evaluate requests include considerations such as the planned programmatic use of the facility, student enrollment trends, availability of funding from other sources, and space utilization for instructional and general needs. In addition, for FY27, HED encouraged institutions to submit requests for a limited number of *supplemental* funding for active projects faced with cost increases.

Capital Outlay explanatory notes

- Below is an LFC discussion of capital outlay reauthorizations (LFC FY27 budget recs, Volume I, pg. 85):

“Limiting Reauthorizations: The number of capital outlay reauthorizations have been higher than usual for the last three years. Capital outlay appropriations may be reauthorized to extend the time grantees have to expend funds, to change the purpose of the appropriation, to expand the purpose, or to make technical changes to appropriation language. There are no formal limits on how many time extensions may be granted nor any criteria projects must meet to be eligible for reauthorization.

“Reauthorizations have increased in volume significantly in recent years, with the vast majority reauthorized to extend time beyond the standard two years for equipment purchases and four years for capital improvements. In most circumstances, well-planned projects that are ready to proceed should not require more than four years to expend grants. The lack of limits on reauthorizations provides little incentive to grantees to sufficiently develop projects before requesting funding or to effectively prioritize requests.

“The Legislature could consider imposing reasonable limitations of reauthorizations to incentive improved project development and prioritization prior to funding. These include allowing only one time

extension per appropriation, allowing technical changes but not changes of purpose, and requiring some portion of an appropriation to be encumbered as evidence of activity on a project to be eligible for reauthorization.”

- Below is an LFC analysis and discussion of higher education capital outlay projects (LFC FY27 budget recs, Volume I, pg. 86):

“Higher Education: New construction for higher education institutions followed similar patterns through the 2024 general obligation bond (GOB) cycle. (General obligation bond proceeds are available every other year and are partially dedicated to higher education projects.) New construction projects funded with 2022 GOB proceeds had an average cost of about \$520 per square foot, according to estimates associated with funding requests, rising to \$1,038 per square foot in the 2024 GOB cycle, a 100 percent increase. GOB funding capacity increased only 12 percent over the same period. In 2025, however, costs did not plateau as with public schools. New construction requests from higher education institutions averaged roughly \$1,312 per square foot, with estimates for several projects carrying even higher costs. The most expensive, standard academic building was estimated at nearly \$2,000 per square foot, almost double the average from the previous year.

“The continued escalations prompted LFC to undertake additional analysis on the cost drivers of higher education projects. The analysis identified several systemic problems: Institutions lack mandatory design requirements before requesting funding, construction cost estimates vary widely in accuracy, many institutions lack construction expertise to challenge or control elevated pricing, and both the Legislature and executive oversight agencies have little influence over design and site selection at the institutional level that, in some cases, are significant cost drivers ... Recommended solutions include requiring independent cost estimators to verify bids, establishing design standards before funding approval, implementing standardized cost estimation methods, and providing guidance to help institutions identify pricing issues, pursue value engineering opportunities, and challenge inflated quotes from contractors and vendors.”

And below is a highlight from LFC’s FY27 budget recommendations in support of UNM’s priority to double the capacity of the UNM School of Medicine, serving both M.D. students and those in the allied health professions:

*... the LFC capital outlay framework and budget recommendation proposes roughly \$545 million from multiple sources to fully fund construction of a **new School of Medicine at the University of New Mexico**, a lynchpin in an ambitious effort to support doubling enrollment in medical doctor and health professions programs with the goal of expanding the state’s healthcare workforce. (LFC Rec., Vol. I, pg. 9)*

**Table 5. Preliminary Comparison: UNM FY27 Major Project (“Statewide Framework”) Capital Outlay Requests in HED and Legislative Recommendations
(in thousands)**

Note: Executive Rec does not contain capital – See FY27 LFC Rec. Vol. III, pg. 130 ff.

FY27 Project Title	Total Project Cost	Funding Amount Requested	HED Final Rec	HED Funding Source	LFC Funding Rec	LFC Funding Source
SOM Education Building & Enabling Projects	\$600,000.0	\$540,000.00	\$540,000.00, Split in two ways.	GOB (\$70M) & General Fund/Other State Funds (\$470M)	\$546,625.00, Split in four ways.	Special Appropriation from Higher Ed Major Projects Fund (\$150M), GOB (\$92,625.00), STB (\$54M), Other State Funds (\$250M)
UNM-Taos Armory Renovation	\$7,000.0	\$5,950.0	- -	- -	- -	- -
UNM-Valencia Automotive & Welding Technology Program	\$5,000.0	\$3,750.0	- -	- -	\$1,000.0	GOB
School of Law Renovation	\$16,000.0	\$15,500.0	- -	- -	- -	- -
UNM-Gallup Calvin Hall North Wing Renovation	\$4,000.0	\$3,000.0	\$3,000.0	GOB	\$3,000.0	GOB
UNM-Los Alamos Student Services & Success Center Renovation	\$4,200.0	\$3,150.0	\$3,150.0	GOB	\$3,000.0	GOB
UNM-Los Alamos Open Space Upgrade Phase 2	\$3,570.0	\$1,250.0	- -	- -	- -	- -
UNM-Taos Pueblo Hall	\$3,090.98	\$2,500.98	\$2,500.0	GOB	\$2,500.0	GOB
Athletics: University Stadium Facility Improvements	\$100,000.0	\$50,000.0	- -	- -	- -	- -
Athletics: Softball Improvement Phase 3	\$5,000.0	\$5,000.0	- -	- -	- -	- -
Athletics: Technology & Video Board Replacements & Improvements	\$7,500.0	\$2,500.0	- -	- -	- -	- -
North Campus Target Demolition	\$2,500.0	\$2,500.0	\$2,500.0	General Fund	- -	- -
Data Center-CNM Improvements	\$5,500.0	\$5,500.0	- -	- -	- -	- -
Utility Service-Geo-Exchange	\$8,000.0	\$8,000.0	- -	- -	- -	- -
STEM Facilities Strategic Planning Study	\$300.0	\$300.0	- -	- -	- -	- -