

Fiscal Year 2026

Executive Budget Recommendation

Overview

State Budget Division



New Mexico
Department of Finance
and Administration

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Overview

The fiscal year 2026 Executive Budget Recommendation totals \$10.9 billion in recurring general fund appropriations, an increase of \$720 million, or 7.0%, over the fiscal year 2025 operating budget. The recommendation reflects an increase of 5.3% to agency operating budgets and public-school support, or \$548 million, over FY25 and additionally accounts for a \$172 million statewide compensation package.

The recurring Executive recommendation increase fits responsibly within the \$892 million in total new money as published by the Consensus Revenue Estimation Group (CREG) in December 2024. The recommendation utilizes available recurring revenue to support increases in operating costs for all state agencies, a \$172 million compensation package for state agency, higher education and public-school employees, and numerous Executive priority initiatives as detailed in the following sections, while maintaining projected general fund reserves at high levels that will support New Mexico's long-term finances.

The recommendation also includes approximately \$2.3 billion in nonrecurring general fund spending. Further, the recommendation accounts for a total general fund capital package of \$850 million. With all factors taken into consideration, the recommendation leaves estimated general fund reserves at 36.3% at the end of fiscal year 2025 and 30.4% at the end of fiscal year 2026.

The Executive recommendation utilizes available new money to make strategic investments in state agency programs and employees while acknowledging the reduced future revenue growth projected by CREG. While such a large amount of new revenue may not be available in future years, the Executive budget recommendation is a responsible plan that adheres to sound long-term fiscal planning.

The general fund comprises approximately 33.0% of the FY26 Executive budget recommendation, consistent with recent years. The remainder of the budget recommendation comes from federal funds and other state funds, with the total recurring recommendation amounting to \$33.1 billion from all funds. For a list of all state agency recommended budgets, see Table 1 (general fund) and Table 2 (total funds) in the Executive recommendation document.

Nonrecurring Appropriations

The Executive recommendation utilizes the continued availability of record one-time general fund revenue to make significant investments in agencies and programs, as well as shore up funds that have faced fiscal challenges in recent years. The recommendation supports a total of \$2.34 billion in nonrecurring general fund appropriations, including \$2.04 billion in special appropriations, \$212.8 million in supplemental and deficiency appropriations, and \$82.7 million in special information technology appropriations. The most significant nonrecurring appropriations in the Executive recommendation include:

- ◆ \$150 million for road maintenance statewide
- ◆ \$150 million for various road construction projects statewide
- ◆ \$110 million for the New Mexico Match Fund
- ◆ \$104.6 million to pilot quality improvements in the childcare assistance program
- ◆ \$100 million for a disaster loan recovery program, contingent on enactment of legislation
- ◆ \$100 million for behavioral health expansion initiatives
- ◆ \$90 million to the Indian Education Fund
- ◆ \$75 million for the development, implementation and support of the Strategic Water Supply
- ◆ \$70 million for deployment of satellite connectivity infrastructure and other needs of the statewide broadband program
- ◆ \$50 million for a housing downpayment assistance program
- ◆ \$50 million for homelessness programs and initiatives
- ◆ \$50 million to the Rural Healthcare Delivery Fund

- ◆ \$50 million to the New Mexico Fair Access to Insurance Requirements program for property insurance needs, programs and initiatives
- ◆ \$50 million for the investigation and remediation of neglected contaminated sites
- ◆ \$30 million to support and fund Indian water rights settlements
- ◆ \$30 million for a reading intervention program
- ◆ \$28.7 million for aquifer monitoring and groundwater characterization
- ◆ \$25 million each to establish endowments at the University of New Mexico School for Medicine for faculty and student recruitment and retention
- ◆ \$25 million for medical professional liability insurance premium reductions
- ◆ \$20 million for wildfire mitigation programs and initiatives
- ◆ \$20 million to the Geothermal Projects Development Fund

For a complete list of Executive recommended nonrecurring appropriations, please refer to Table 4 in the FY26 Executive Budget Recommendation. Table 5 lists prior non-recurring appropriations recommended for reauthorization through future fiscal years.

Government Results and Opportunity (GRO) Program Fund Appropriations

In 2024 the Legislature passed, and the Governor signed HB 196, which created the Government Results Expendable Trust and the Government Results and Opportunity Program Fund. The bill mandates that, beginning in FY26, an amount equal to \$100 million or 25% percent of the fund balance, whichever is greater, will be transferred from the Trust to the Program Fund. DFA economists estimate that the amount transferred to the program fund in FY26 will be \$169 million. This amount is available for non-recurring appropriations for promising pilot projects at various agencies that will in the future be evaluated and considered for permanent inclusion into agencies' operating budgets.

The Executive recommendation for GRO program fund appropriations in FY26 is as follows:

- ◆ \$90.5 million to support Medicaid expansion initiatives, including medical respite services for homeless individuals, food for pregnant members with comorbidity, housing and food capacity-building infrastructure, and justice-involved medical services and capacity-building infrastructure
- ◆ \$24 million to establish a site readiness program to analyze development locations to determine needed infrastructure and cost, contingent on enactment of legislation
- ◆ \$18 million for school attendance improvement interventions
- ◆ \$18 million for professional development and compliance monitoring activities at struggling schools
- ◆ \$18 million for mathematics improvement initiatives
- ◆ \$12 million for higher education retention and student basic needs
- ◆ \$1.5 million for intensive outreach for out-of-school and at-risk youth
- ◆ \$1.2 million to implement and evaluate youth pre-apprenticeship programs
- ◆ \$660 thousand for the Office of Special Education Ombud
- ◆ \$150 thousand to establish a guardianship training institute

HB 196 stipulated that the balance of the Trust would be included in the calculation of state general fund reserves in FY25. The Executive recommendation assumes that this practice will continue in FY26.

Fiscal Year 2024 General Fund Reversion and Budget Adjustment Request Summary

As agency general fund budgets have grown in recent years, increased scrutiny has been applied to their general fund reversions-- in other words, the amount of their general fund budget they did not expend during the fiscal year. This is an important and prudent tool of budget analysis; however, careful attention must be paid when examining these reversions to understand their funding sources and context. For example, some amounts included in "total" reversions may be leftover balances from special appropriations and not recurring operating budgets (as appropriated in Section 4 of the General Appropriations Act). Reversions

could also be revenue generated by the agency for the general fund. In FY23, total general fund reversions were \$191.7 million, but operating budget reversions were \$72.1 million, or 2.1% of total recurring FY23 general fund agency budgets.

Total fiscal year 2024 general fund reversions increased to \$310.5 million in FY24; however, there are several factors at play to explain this and operating budget reversions declined slightly despite a larger general fund budget. These reversions totaled \$69.1 million, or 1.6% of total recurring general fund agency budgets. \$26.2 million of this total was from the Department of Health due to contract delays and vacancy savings. Other significant sources of FY24 reversions include:

- ◆ \$4.0 million in capital outlay appropriation balances, a decrease from \$13.1 million in FY23
- ◆ \$57.5 million in special appropriation balances
- ◆ \$6.9 million in junior bill appropriation balances (2023 Chapter 208, a spend rate of 92%)

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

Another frequent subject of budget scrutiny is the amount of budget authority agencies move out of the Personal Services and Employee Benefits (PSEB) category through budget adjustment requests (BARs). It is important to place these transfers within the context of the entire budget. Per authority granted in the General Appropriations Act, agencies can transfer budget authority among the PSEB, Contracts, and Other Costs budget categories from all funding sources by submitting BARs to DFA and LFC. Every such transfer is examined by both DFA and LFC before approval to ensure the proposed action is consistent with the agency's mission as well as statutory and GAA authority.

Of the nearly 700 BARs submitted to DFA in fiscal year 2024, 110 transferred budget authority out of the PSEB category. The total amount transferred was \$33 million, or about 1.4% of the total PSEB budget from all agencies (\$2.36 billion). This represents a 45% reduction in the amount transferred out of PSEB from FY23. Of this amount, \$26.8 million was general fund, or about 0.2% of the total general fund budget (\$9.5 billion). The agencies with the largest transfers out of PSEB included:

- ◆ Corrections Department - \$6 million (all general fund; a decrease of \$18.5 million from FY23)
- ◆ Office of Family Representation and Advocacy - \$3.25 million (all general fund, due to contract attorney needs)
- ◆ Second Judicial District Attorney - \$2.9 million (all general fund)
- ◆ Early Childhood Education and Care Department - \$2.3 million (\$1.8 million general fund)
- ◆ Children, Youth and Families Department - \$2.2 million (all general fund)
- ◆ Department of Public Safety - \$1.6 million (all general fund)

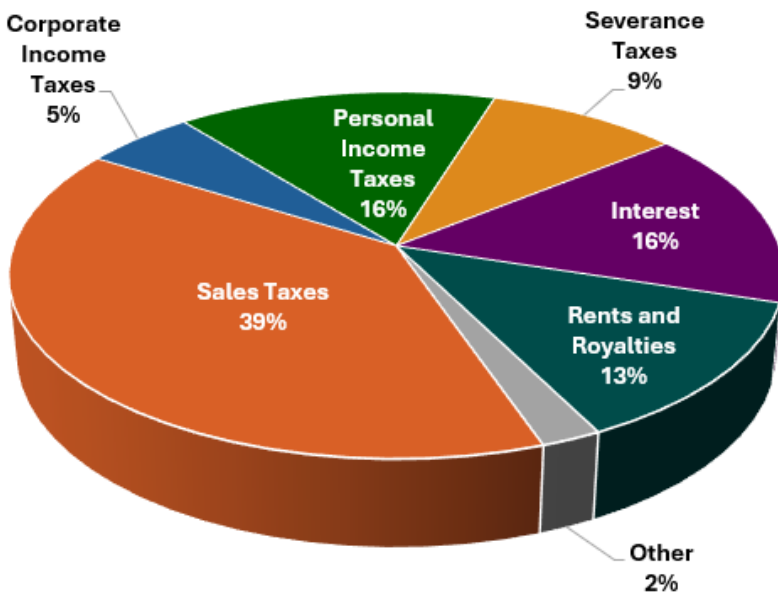
Fiscal Year 2026 Funded FTE Recommendation Methodology

An agency's personal services and employee benefits (PSEB) budget as well as the number of FTE (full-time equivalent) positions it can support are an important focus of budget discussions every year. Frequently, the use of terms like "authorized FTE" and "funded vs. unfunded vacancy rates" can lead to confusion and obfuscation of the core question – how many positions can the agency support now and how many does the budget recommendation support? Therefore, the FY26 Executive recommendation employs a methodology that utilizes PSEB operating budgets and recommendations and average FTE costs within each agency to identify the change in number of FTE funded for FY26 compared to FY25. To see this FY25 and FY26 data for every state agency, refer to Appendix E in the Executive recommendation document.

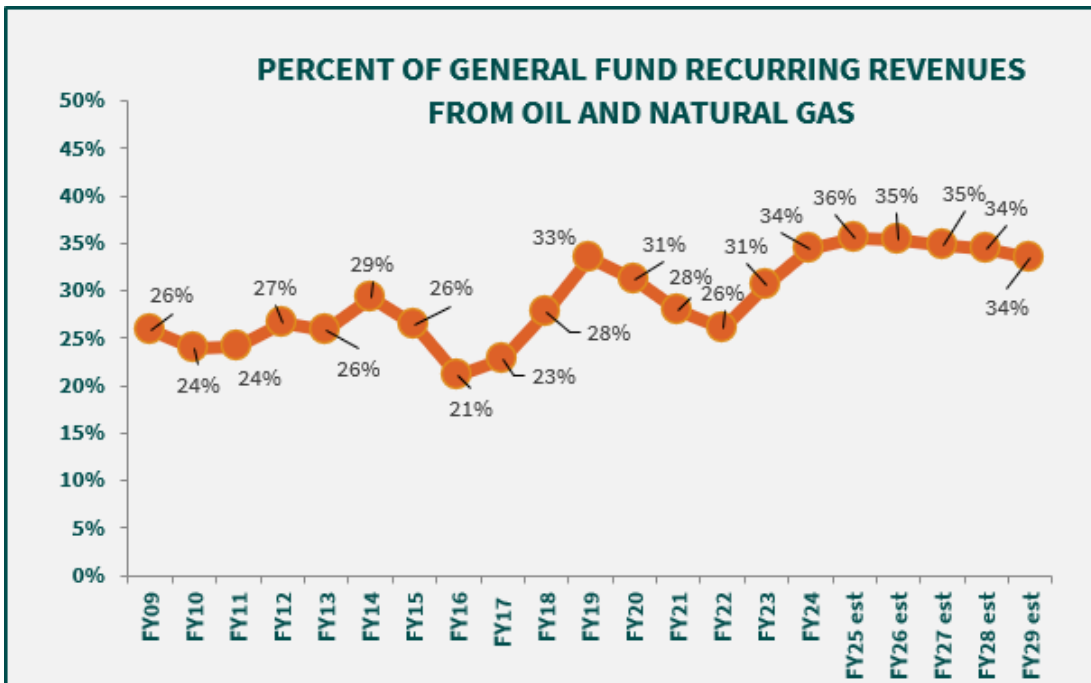
General Fund Revenue Summary

Where the Money Comes From

FY26 GENERAL FUND REVENUE ESTIMATE



REVENUE SOURCE	AMOUNT (rounded)
Sales Taxes	\$ 5.3 B
Corporate Income Taxes	\$ 731 M
Personal Income Taxes	\$ 2.1 B
Severance Taxes	\$ 1.3 B
Interest	\$ 2.1 B
Rents and Royalties	\$ 1.7 B
Other	\$ 297 M
TOTAL	\$13.61 billion



The State of New Mexico has become increasingly more reliant upon oil and gas revenues to finance state operations.

The graph to the left displays oil and gas related revenues as a percentage of total general fund revenues.

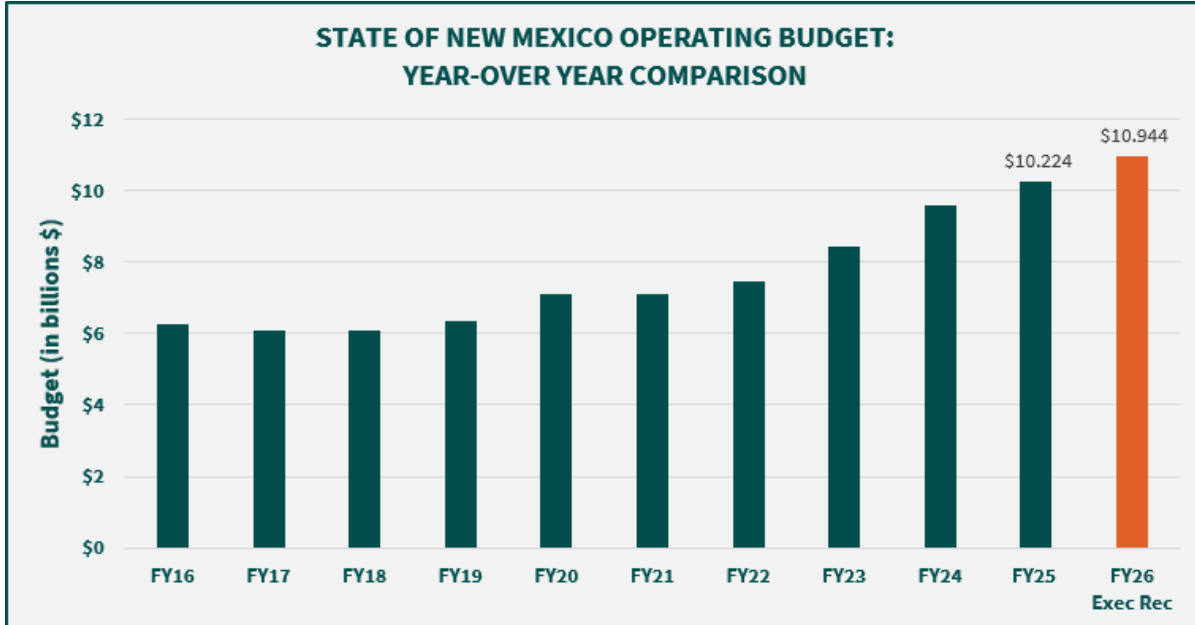
Oil and gas related revenues are projected to comprise 35% of FY26 general fund revenues.

Source: CREG, DFA

General Fund Expenditure Summary

Where the Money Goes

The FY26 Executive Budget Recommendation proposes recurring general fund appropriations totaling \$10.944 billion, an increase of \$720 million, or 7.0%, above the FY25 operating budget.



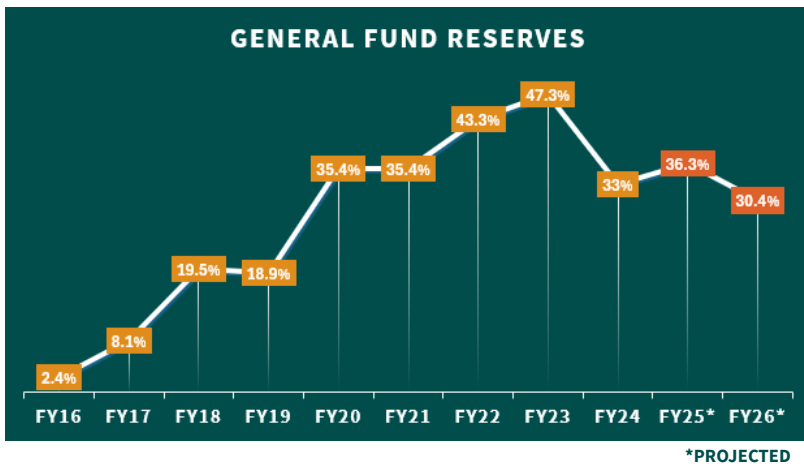
Agency	FY26 Recommendation (in millions)	Percent of Total	Percent Increase Over FY25
Public Education	\$4,558.9	41.6%	3.0%
Health Care Authority	\$2,206.8	20.2%	10.7%
Higher Education	\$1,400.6	12.8%	3.6%
Early Childhood Education and Care Department	\$365.3	3.3%	4.9%
Department of Corrections	\$352.2	3.2%	4.5%
Children, Youth and Families Department	\$286.4	2.6%	9.8%
Courts	\$268.2	2.5%	5.5%
Department of Health	\$211.5	1.9%	5.2%
Department of Public Safety	\$196.4	1.7%	6.4%
District Attorneys	\$117.2	1.1%	5.4%
Taxation and Revenue Department	\$86.2	0.8%	3.1%
Public Defender	\$81.5	0.7%	5.8%
Aging and Long-Term Services Department	\$74.3	0.7%	3.9%
Cultural Affairs Department	\$47.4	0.4%	6.8%
Energy, Minerals and Natural Resources Department	\$44.7	0.4%	9.8%
Office of the State Engineer	\$41.5	0.4%	21.6%
Department of Finance and Administration	\$37.8	0.3%	6.4%
Environment Department	\$33.3	0.3%	0%
Economic Development Department	\$27.1	0.2%	3.3%
Tourism	\$26.3	0.2%	3.9%
General Services Department	\$22.6	0.2%	6%
Workforce Solutions Department	\$13.5	0.1%	1.9%
All Other Agencies	\$272.9	2.5%	-
Statewide Compensation Increase	\$172.0	1.6%	-
TOTAL	\$10,944.5		7.0%

General Fund Reserve Summary

General Fund Reserves

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

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



- ◆ Projected Ending Reserves FY25: \$3.7 billion
- ◆ Projected Ending Reserves FY26: \$3.3 billion

LONG-TERM INVESTMENTS TO BOLSTER FINANCIAL STABILITY:

In addition to the large projected general fund reserve levels, several pieces of 2023 legislation (HB2, SB26, and SB378) directed \$4.7 billion over the following four fiscal years to the Severance Tax Permanent Fund, significantly decreasing the volatility of the general fund and the state’s future budgetary reliance on the oil and gas industry. In the long run, this infusion into the Severance Tax Permanent Fund is estimated to offset the losses to the general fund from declining oil and gas revenues in the future as Severance Tax Permanent Fund distributions from investment earnings grow faster than the reductions in oil and gas revenue. 2024 HB 196 directed that the Government Results Expendable Trust would count towards general fund reserves in FY25; the Executive recommendation continues this practice for FY26.

Issue Focus

UPDATE ON THE CONSERVATION LEGACY PERMANENT FUND AND LAND OF ENCHANTMENT LEGACY FUND

The Conservation Legacy Permanent Fund and Land of Enchantment Legacy Fund, established through Senate Bill 9 of the 2023 session, serve as a long-term investment in protecting and preserving New Mexico’s land and water resources and increasing access to outdoor recreation opportunities for current and future generations. The 2024 General Appropriations Act included a general fund infusion of \$300 million into the permanent fund, enabling increased distributions to the recipient agencies per statute. The FY26 Executive recommendation reflects this by including the following amounts:

- ◆ \$3.4 million to the Energy, Minerals and Natural Resources Department for forest and watershed conservation projects and projects pursuant to the Natural Heritage Conservation Act
- ◆ \$3.4 million to the Department of Agriculture for projects pursuant to the Noxious Weed Management Act, Healthy Soil Act and Soil and Water Conservation District Act
- ◆ \$3.3 million to the Department of Game and Fish for projects and programs for the protection and propagation of game and fish
- ◆ \$2.25 million to the Economic Development Department for outdoor equity grants, special projects, and outdoor recreation infrastructure
- ◆ \$1.5 million to the Environment Department for projects to improve surface water quality and river habitats statewide
- ◆ \$1.2 million to the Department of Cultural Affairs for projects pursuant to the Cultural Properties Protection Act

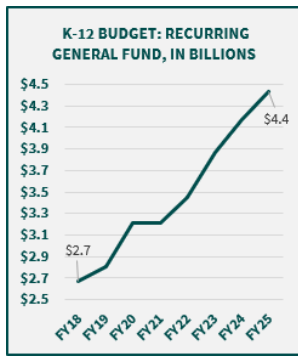
The FY26 Executive Budget Recommendation builds these amounts into agencies’ recurring FY26 program-level budgets. While the Executive strongly encourages agencies to treat these distributions as annual appropriations and spend them entirely within one fiscal year, language in SB 9 technically specifies the distributions are valid for two fiscal years. Therefore, any agencies who do not spend the entirety of their FY26 distributions in FY26 will be able to submit budget adjustment requests in FY27 to expend the remaining balance.

K-12 Public Education (924, 925, 930, 993)

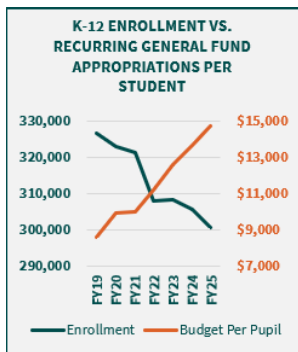
Recurring

For fiscal year 2026, the Executive recommendation includes \$4.66 billion in recurring general fund appropriations for K-12 public education, reflecting an increase of \$234.6 million, or 5.3%, over the current year.

	FY25	FY26 Rec w/o Compensation	\$ (%) Change YOY	FY26 Rec with Comp	\$ (%) Change with Comp
General Fund	\$4,427,529.1	\$4,558,960.9	\$131,431.8 (3.0%)	\$4,662,093.7	\$234,564.6 (5.3%)
Total Funds	\$5,010,529.1	\$5,141,960.9	\$131,431.8 (2.6%)	\$5,245,093.7	\$234,564.6 (4.7%)



K-12 public education is state government’s largest expenditure area, accounting for nearly 45% of the total state budget. From FY18 to FY25, recurring general fund appropriations for K-12 public education have grown from \$2.7 billion to \$4.4 billion, an increase of 66%. On a per-pupil basis, recurring general fund appropriations have grown by 72%, as enrollment dipped from 329 thousand students to 300 thousand students.



Of the total amount dedicated to public schools, the fiscal year 2026 Executive recommendation allocates \$4.37 billion to the State Equalization Guarantee (SEG) distribution, an increase of \$202.5 million, or 4.9%, over the current school year. The SEG, also known as the public-school funding formula, was created with the intent of equitably distributing state resources for operations of school districts and charter schools to provide every New Mexico student with the programs and services appropriate to their educational needs regardless of geographic location or local economic

conditions. The formula starts with school enrollment, then uses multipliers for a variety of factors including the number of students in different grades; the number of students receiving special education or bilingual education; the education and experience of the teachers; the size of the district and school; and the number of students considered “at risk,” measured by student poverty, English proficiency, and mobility (transience). For the current year, enrollment accounts for 56% of the distribution, special education participation accounts for 19%, at-risk factors account for 9%, and all other components account for the remaining 16%.

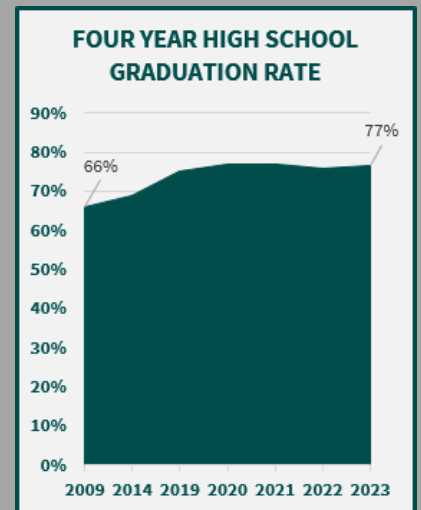
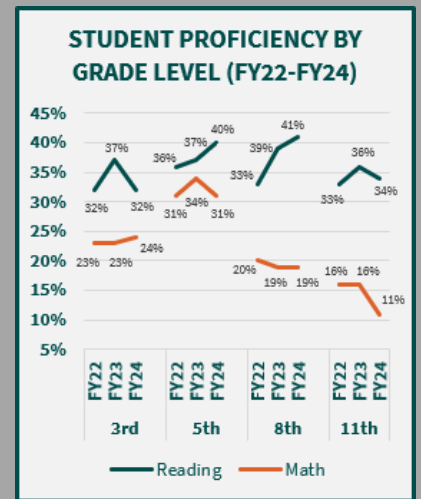
Compensation

The FY26 Executive recommendation includes an SEG increase of \$101.4 million for a 3% raise for all educational personnel. In recent years, the state has prioritized teacher compensation in developing the budget for public schools. In FY22, the average teacher salary in New Mexico was \$54,272, ranking 41st in the nation. In the 2022 Legislative Session, New Mexico raised the three-tiered teacher salary minimums to \$50 thousand for level I, \$60 thousand for level II, and \$70 thousand for level III. As a result, the

Data Dive

ACADEMIC PROFICIENCY

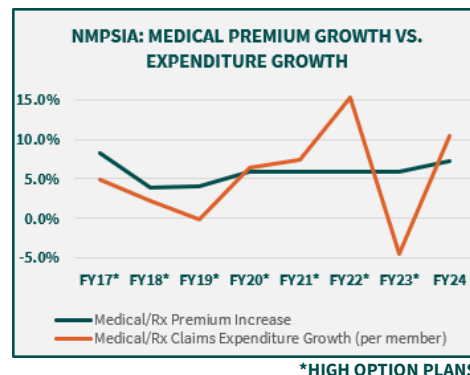
After two years without assessments, students participated in three brand new assessments in spring 2022, the NM-MSSA, the NM-ASR and the SAT. Because the assessments are new to the state, the results are not perfectly comparable to results from the PARCC assessment administered before the pandemic.



average FY23 teacher salary in New Mexico grew to \$63,580, a 17% increase over the prior year, moving New Mexico from 41st to 22nd in the country. The 17% growth in average teacher compensation was the largest in the nation for the 2022-23 school year and brought New Mexico from the lowest in the region in FY22 to the highest in FY23. After another 6% compensation increase in the 2023-2024 school year, the average teacher salary in New Mexico reached \$66,240.

Insurance

For the current school year, the New Mexico Public School Insurance Authority (NMPSIA), which manages and administers insurance for all school districts statewide other than Albuquerque Public Schools, raised premiums by 10% for health insurance and 14.99% for risk insurance. For the 2025-2026 school year, NMPSIA’s preliminary health and risk insurance premium increases are 10.25% and 16.91% respectively. To fund these increases, in addition to the premium increases of the Albuquerque Public Schools’ insurance program, the Legislature would need to appropriate approximately \$48 million to the SEG.



The FY26 Executive recommendation includes a \$38.5 million increase to the SEG for insurance, which would support the employer share of a 9.5% health premium increase and an 11% risk premium increase for NMPSIA participants. NMPSIA’s risk insurance fund closed FY24 with assets of roughly \$93 million and a financial position of 90%, down from 110% the year prior. Similarly, NMPSIA’s health benefits fund closed FY24 with assets totaling \$40.4 million, down from \$50.3 million to close FY23 and about \$30 million short of the Board’s target reserve level. To bolster the financial health of NMPSIA’s health and risk funds while preventing inordinate premium increases to grow fund balances, the Executive recommendation also includes one-time general fund infusions of \$37.5 million for the health benefits fund and \$18 million for the risk fund.

The NMPSIA Board monitors losses regularly and will make a final determination on FY26 premium increases in the Spring of 2025.

K-12 Plus

In addition to raising the minimum number of instructional hours to 1,140, HB130 of 2023 repealed the Extended Learning Time Program and the K-5 Plus program, replacing them with the K-12 Plus program. The K-12 Plus program provides additional formula dollars to schools that adopt calendars of greater than 180 days (or 155 days in districts with four-day school weeks) as an incentive to add not just instructional hours to the school calendar but also additional days. From last school year to the current school year, the number of K-12 plus schools grew from 542 to 735, an increase of 36%. As a result of this widespread lengthening of school calendars, PED is projecting a current year SEG budgetary shortfall of \$57.7 million, \$17.7 million of which will be covered by a nonrecurring appropriation for K-12 plus participation growth from last session. In response, the Executive recommendation includes a \$40 million supplemental to shore up the remaining SEG shortfall in the current 2024-2025 school year and a \$57.7 million recurring increase to the SEG for K-12 plus in the 2025-2026 school year.

Healthy Universal Free School Meals

The Healthy Hunger-Free Students’ Bill of Rights Act of 2023 expanded free meals to all public and charter school students regardless of family income. In school year 2022-23, prior to the enactment of the universal free meals program, student participation rates totaled 37 percent for breakfast and 56 percent for lunch. For school year 2023-2024, the first year of the universal free meals program, participation grew to 41 percent for breakfast and 59 percent for lunch, with a total of 22.7 million breakfasts and 32.5 million lunches served. Between recurring and nonrecurring items, the Legislature appropriated approximately \$39.9 million toward the program for school year 2023-24; however, total costs for the year closed at about \$43 million. Similarly, legislative appropriations totaled \$41 million for the current school year, but due to increasing participation and annual growth in meal rates, PED is projecting a \$7.8 million budgetary shortfall. Therefore, the Executive recommendation includes the following:

- ◆ \$3 million deficiency appropriation to shore up the prior year budgetary shortfall

- ◆ \$7.8 million supplemental appropriation to cover the projected budgetary shortfall for the current school year
- ◆ \$50.7 million recurring appropriation for FY26 to support modest growth in participation and meal rates
- ◆ \$5 million nonrecurring appropriation for potential cost overruns in FY26 in the event of substantial student participation rate increases

Structured Literacy

In 2020, PED released a new statewide literacy framework based on a structured literacy instructional model known as the ‘science of reading.’ From FY20 to FY25, the state has allocated more than \$100 million in support of this evidence-based approach to improve statewide literacy rates, which lag considerably behind. According to the results of the 2022 National Assessment of Educational Progress (NAEP), only 21% of 4th grade students and 18% of 8th grade students in New Mexico scored at proficiency or above in reading, each of which were 11 percentage points behind the national average. However, assessment data from the statewide New Mexico Measures of Student Success and Achievement (NM-MSSA) show some promise, as reading proficiency increased from 34% in 2022 to 38% in 2024. The FY26 Executive recommendation matches the current year budget, allocating \$14 million in recurring funds to PED to continue training elementary educators in the science of reading, \$5 million nonrecurring to continue the expansion of structured literacy professional development into secondary schools, and \$30 million to support a second year of the summer reading intervention program.

Nonrecurring

The fiscal year 2026 Executive recommendation includes fourteen nonrecurring ‘special appropriations’ totaling \$205 million from the general fund to support a variety of educational programs and Public Education Department initiatives. The recommendation also includes three, three-year pilot-projects to be funded from the new Government Results and Opportunity (GRO) program fund.

Career Technical Education

One of the largest programs currently funded through non-recurring dollars is career technical education (CTE), which served nearly 75,000 secondary students in the 2023-2024 school year. In addition to traditional pathways like automotive repair and construction, today’s CTE programs include a wide array of concentrations, such as health sciences, entrepreneurship, and information technology. CTE funding also supports New Mexico’s ‘innovation zones,’ the main components of which are internships, apprenticeships, capstone projects, and graduate profiles. From FY23 to FY24, state appropriations for CTE grew from \$15 million to \$40 million, a 166% increase. The FY26 Executive recommendation again includes a nonrecurring appropriation of \$40 million.

Fellowships/Residencies/Student Teaching

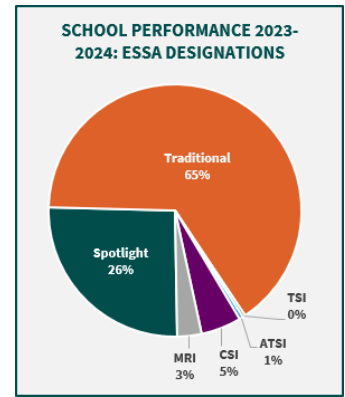
The FY26 Executive recommendation includes \$20 million for the educator fellowship program, which provides aspiring teachers with real world experience in the classroom as they work toward their degree. Unlike teacher residents, educator fellows do not need to be seeking their degree specifically in teaching. Applicants for fellowships could be studying another field entirely, such as social work or business, but decide that they would like to pursue teaching through alternative licensure after they earn their degree. The \$20 million recommendation is flat to the nonrecurring amount appropriated for the current school year and will support roughly 400 fellowship positions in FY26.

Paid student teaching and teacher residencies are again funded at \$20 million in FY26, as last session the Legislature appropriated \$60M from the Government Results and Opportunity (GRO) fund for expenditure in fiscal years 2025, 2026, and 2027.

Interventions at Low-Performing Schools (GRO Fund)

The federal Every Student Succeeds Act (ESSA) requires NMPED to annually score the performance of each school statewide based on a variety of student outcome indicators, including proficiency rates in math, reading, and science; graduation rates; and attendance. For school year 2023-24, 76 schools across New Mexico were classified as in need of immediate improvement, meaning that they were placed in a ‘designated status’ according to the federal terminology. School designations are as follows:

- ◆ Spotlight – Highest recognition; top 75% of schools
- ◆ Traditional – Good standing; not in designation
- ◆ Targeted Support and Improvement (TSI) – Schools with consistently underperforming student groups
- ◆ Additional Targeted Support and Improvement (ATSI) – Schools in need of support with one or more of the lowest performing groups of students
- ◆ Comprehensive Support and Improvement (CSI) – Schools scoring in the bottom 5% of Title I schools in the state or that have a graduation rate below 67%
- ◆ More Rigorous Interventions (MRI) – Schools not exiting CSI status after 3 years of receiving support

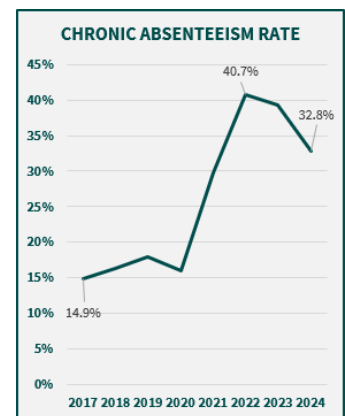


To support underperforming schools, ESSA requires NMPED to direct 7% of Title I Part A funds toward New Mexico's lowest performers (i.e. CSI and MRI schools) for school improvement activities. Schools must use these school improvement funds on evidence-based interventions that align with their PED-approved CSI or MRI improvement plan. This could include a variety of academic improvement interventions, professional development programs, or family engagement activities as guided by the performance deficiencies of each individual school. Ultimately, schools must meet a specific threshold of progress to exit a designated status; however, it's important to note that exiting a designation does not necessarily indicate that the school is meeting proficiency standards.

The FY26 Executive recommendation includes \$18 million from the GRO fund for a three-year pilot project (\$6M/year) for PED's Priority Schools Bureau to provide coaching, consultation, professional development, and compliance monitoring for the implementation of school improvement plans at CSI and MRI schools. With additional collaboration and oversight, PED's goal is to improve student outcomes at New Mexico's lowest performing schools through data-driven strategic planning and performance management, helping schools to execute their specific strategies and initiatives to climb out of designated status.

Attendance Improvement Interventions (GRO Fund)

The FY26 Executive recommendation includes \$18 million from the GRO fund for expenditure over the next three fiscal years (\$6M/year) for targeted attendance improvement interventions. Chronic absenteeism—defined as missing more than 10 percent of school—grew by 119 percent in New Mexico from school year 2019-20 to school year 2022-23, the largest increase in the nation. As one would expect, absenteeism is negatively correlated with student outcomes. A 2024 study from the Legislative Finance Committee (LFC) found that 36.5% of 3rd through 8th grade students in New Mexico who were not chronically absent tested proficient in English, math, and science combined compared with just 22.1% of those chronically absent. Additionally, longitudinal data analysis from LFC found that chronically absent third-grade students in the 2012 school year had a significantly lower high-school graduation rate in 2021.



Indian Education Fund

Academic achievement for New Mexico's Native American population continues to lag statewide averages. In school year 2023-24, reading and math proficiency rates among Native American students were 24% and 12% respectively, as compared to 38% and 22% statewide. In response, the FY26 Executive recommendation maintains \$20 million in recurring general fund appropriations to the Indian Education Fund but also includes \$90 million in nonrecurring funds for expenditure in FY26-FY28 to flow directly to Pueblos, Tribes, and Nations to expand educational opportunities in accordance with the Indian Education Act. To mitigate the administrative obstacles outlined in the Tribal Remedy Framework, funds will be disbursed upfront rather than through the grant reimbursement process, preventing any issues with cashflow or administrative capacity. Additionally, unspent balances at year-end can be carried over, which will reduce reversions and enable multi-year planning.

Other Large Nonrecurring Appropriations

Other large non-recurring items in the FY26 Executive recommendation for public schools include:

- ◆ \$15 million general fund for out-of-school learning, summer enrichment, and tutoring
- ◆ \$15 million from the GRO fund for a three-year pilot project for pedagogical interventions to improve student outcomes in mathematics
- ◆ \$8 million general fund for community school initiatives

Higher Education (950-980)

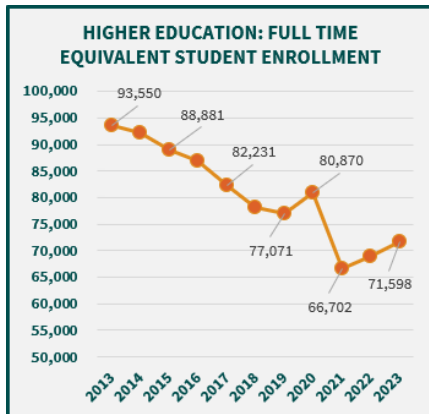
For fiscal year 2026, the Executive recommendation for Higher Education overall includes \$1.4 billion in recurring general fund for appropriations to the Higher Education Department and the Higher Education Institutions, an increase of \$49.3 million, or 3.6% over the current year.

	FY24	FY25	FY26 Rec	\$ Change YOY	% Change YOY
General Fund	\$1,269,636.1	\$1,351,276.3	\$1,400,550.4	\$49,274.1	3.6%
Total Funds	\$3,607,240.6	\$4,251,521.8	\$4,111,245.1	(\$140,276.7)	(3.3%)

Recurring

For fiscal year 2026, the Executive recommendation includes \$196.4 million in recurring general fund to the Higher Education Department, an increase of \$10.2 million, or 5.5%, over the current year.

The recommendation supports \$146 million of general fund for the Opportunity Scholarship, which is flat when compared to the current year, and includes an infusion of \$22 million from the Higher Education Trust per Chapter 61 of Laws 2024. The recommendation also includes \$2.25 million in recurring funding to fund the American Indian Technical Assistance Centers to improve student success from early childhood through higher education.



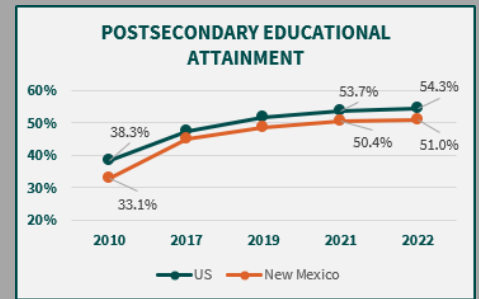
Other recommended general fund increases for the department include \$3 million for adult education, \$2 million for adult literacy, \$230.8 thousand for the Minority Doctoral Loan program, \$511.7 thousand for the Graduate Scholarship fund, \$500 thousand for the UNM Dental Residency Program, \$200 thousand for the WICHE program, \$400 thousand for the Navajo Technical University Center for

Computer Science Research Program, \$230 thousand for the Southwestern Indian Polytechnic Institute Allied Health program, and \$906.4 thousand for three data analyst positions, one financial analyst, additional office space, and an increase for travel expenses.

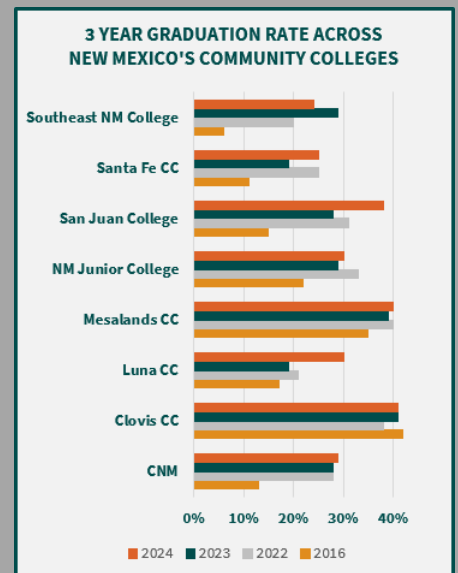
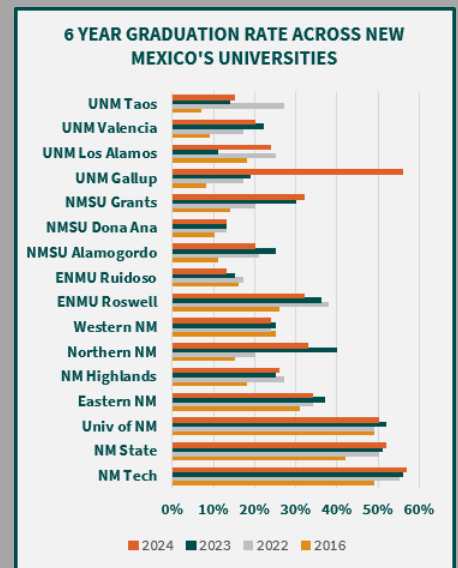
Adult Education

For the first time in its history, adult education in New Mexico now ranks among the top 25 programs in the entire nation for learning outcomes, also known as Measurable Skills Gains. Enrollment has also increased in the last three years, reaching 12,166 in Fiscal Year 2024. This is a 12% increase from FY23. In a state that is 50th in adult literacy and 47th in high school diploma (HSD) and high school equivalency (HSE) attainment, this is good news. However, with these improved services and increased enrollment, teacher hiring and retention is becoming a problem. Adult education educators did not benefit from recent improvements in

Data Dive



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



teacher pay statewide in the K-12 systems. Many left the field to work in this better-paid system. The increase of \$3 million would raise the total allocation to \$9.8 million to improve teacher pay, recruitment of new teachers, and further increase enrollment in Adult Education.

Adult Literacy

The recommended increase of \$2 million will provide the department with the tools needed to ensure and prioritize accessible high-quality education for all New Mexicans. The Adult Literacy program will assist in establishing new programs and expanding current programs in “literacy deserts” that exist in New Mexico. There are 160,000 adults with very low literacy levels in the state and the adult literacy system services approximately only 1% of the current need.

Higher Education Institutions

The FY26 Executive recommendation includes the following by section for the Higher Education Institutions (HEIs). Overall, the recommendation includes \$1,204,758.3 for the HEIs, which is an increase of \$39,675.1 or 3.4% over the FY25 Operating Budget.

Instruction and General (I&G) funding supports the basic operating expenditures of New Mexico’s higher education institutions, including instruction, administration, campus operations, and student support. Of the total increase, \$16.857 million is allocated through the higher education funding formula; \$1.788 million is directed to the University of New Mexico Health Sciences Center; and the remaining amount supports the New Mexico Military Institute, New Mexico School for the Blind and Visually Impaired, and New Mexico School for the Deaf.

Categorical Funding

Additionally, the Executive recommendation allocates \$105.3 million in categorical recurring appropriations, separate from I&G and RPSP appropriations, reflecting an increase of \$3.9 million, or 3.9%, above the current year. Recommended general fund increases include:

- ◆ \$776.8 thousand for the New Mexico Department of Agriculture to support one agriculture water resilience coordinator, a phased approach for compensation pay parity, and to cover employee health insurance increases
- ◆ \$662 thousand for New Mexico State University’s Agricultural Experiment Stations, the principal research unit of the College of Agricultural, Consumer and Environmental Sciences
 - ◆ The focus of their research is to enhance agricultural profitability, manage and protect natural resources, and improve the quality, safety and reliability of food and fiber products
- ◆ \$524 thousand for New Mexico State University’s Cooperative Extension Service, which provides wide-ranging educational programming for youth and adults across all 33 counties in areas such as economic and community development, human nutrition and health, agriculture, environmental stewardship, and family and child development
- ◆ \$1.8 million for the Bureau of Geology and Mineral Resources to fully support the Aquifer Mapping and Monitoring Program
 - ◆ Of the \$1.8 million, \$1.25 million would support five hydrogeologists, a data manager, a geographic information system, modeling staff, and software and data platform maintenance
- ◆ \$225 thousand for teacher pipeline initiatives at the University of New Mexico, Eastern New Mexico University, and Northern New Mexico College

Research and Public Service Projects

The FY26 Executive recommendation includes \$136.1 million from the general fund for Higher Education Research and Public Service Projects (RPSPs), an increase of \$16.8 million, or 14.1%, over FY25. RPSP appropriations fund research in a variety of disciplines including cybersecurity, education, water resources, early education, and small business programs. RPSP appropriations also support regional and statewide services provided by colleges and universities, largely in healthcare and workforce development. Recommended RPSP general fund increases include:

Fiscal Year 2026 Executive Budget Recommendation

- ◆ \$4 million for the Office of Substance Use Disorders at the University of New Mexico
 - ◆ The funding will be used to increase access to effective substance use disorder clinical programs and increase training of existing providers across New Mexico
- ◆ \$2.9 million for Quantum NM at the University of New Mexico
- ◆ \$2 million for the School of Population Health at the University of New Mexico Health Sciences Center
- ◆ \$1.3 million for the six existing Centers of Excellence
- ◆ \$1.3 million for the Office of the Medical Investigator
- ◆ \$753 thousand for one nursing program and five nursing expansion programs
- ◆ \$192 thousand for student service programs
- ◆ \$113 thousand for education programs
- ◆ \$140 thousand for Tele-Audiology Screening at the New Mexico School for the Deaf
- ◆ \$100 thousand for one new Community Health Worker at the University of New Mexico Gallup Branch
- ◆ \$100 thousand for the Small Business Development Centers at the Santa Fe Community College

Nonrecurring

The fiscal year 2026 Executive recommendation includes funding for the following impact areas within Higher Education:

- ◆ Higher Education Student Impact and Assistance
 - ◆ \$25 million for the Health Professional Loan Repayment Program
 - ◆ \$10 million for the Teacher Loan Repayment Fund
 - ◆ \$10 million for Dual Credit
 - ◆ \$4 million for the Higher Education Retention Fund and Student Basic Needs
 - ◆ \$3 million for the New Mexico Longitudinal Data System Initiative
 - ◆ \$3 million for a New Mexico college of osteopathic medicine to improve their comprehensive outreach program to increase interest in the healthcare field within the state of New Mexico
 - ◆ \$1.25 million for High School Equivalency Tests
- ◆ Technology
 - ◆ \$20 million for the Technology Enhancement Fund
 - ◆ \$10 million for cyber security at HEIs
 - ◆ \$3 million for the Longitudinal Data System
- ◆ Endowments
 - ◆ \$25 million for UNM School of Medicine Faculty
 - ◆ \$25 million for UNM School of Medicine Student Recruitment and Retention
- ◆ Capital Outlay
 - ◆ \$20 million for building renewal and replacement
 - ◆ \$5 million for equipment renewal and replacement

Health Care Authority (630)

Recurring

For fiscal year 2026, the Executive recommendation includes \$2.2 billion in recurring general fund for the Health Care Authority, formerly known as the Human Services Department, an increase of \$213.9 million, or 10.7%, over the current year.

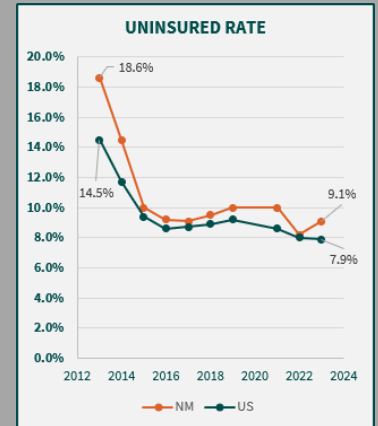
	FY24	FY25	FY26 Rec	\$ Change YOY	% Change YOY
General Fund	\$1,611,088.7	\$1,992,879.7	\$2,206,773.2	\$213,893.5	10.7%
Total Funds	\$10,530,923.1	\$12,186,293.7	\$15,436,169.3	\$3,249,875.6	26.7%

On July 1, 2024, fulfilling the statutory requirements in Senate Bill 16 from the 2023 Legislative Session, the Human Services Department (HSD) officially transformed to become the New Mexico Health Care Authority (HCA). This reimagined agency contains all the current programs and services delivered by HSD, including income supports, Medicaid, child support enforcement and behavioral health services; with the addition of the Developmental Disabilities Support Division and the Division of Health Improvement from the Department of Health, the Health Care Affordability Fund from the Office of the Superintendent of Insurance and the State Health Benefits program from the General Services Department, HCA has begun fulfilling its role by using increased centralized purchasing power to oversee, coordinate and purchase health insurance for much of the state.

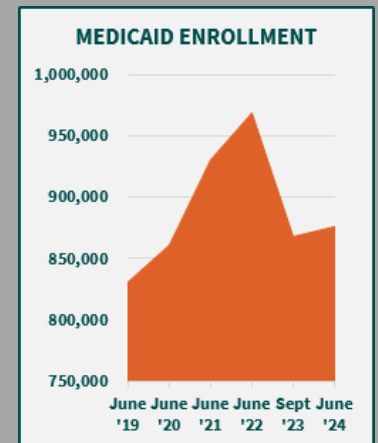
Accounting for the addition of these four programs to the HCA, for FY26 the Executive recommends a general fund increase of 10.7% over the FY25 base of \$1.99 billion. The increase is primarily in Medicaid services, both to ensure continuing service delivery and to expand services throughout the state, and in the Income Support Division for additional FTE, pay band adjustments and caseworker retention, training and contract support. Although not funded with general fund, the Executive recommendation also includes \$304 million in hospital inpatient/outpatient assessments to match with federal Medicaid funding for hospital support statewide, \$518.4 million in health benefit premiums revenue, and \$210.1 million for programmatic expenditures from the Health Care Affordability Fund.

Within the Medicaid and Medicaid Behavioral Health programs, the Executive recommendation supports the agency’s estimate of a 1% enrollment growth rate overall (2% for the long-term services and supports population) and recommends \$17.4 million to backfill the decrease in federal medical assistance percentage (FMAP), allowing for services to continue uninterrupted. The Executive also fully funds a full year of increased provider rates up to 150% of Medicare, growth in Medicare and fee-for-service, and contractual services increases. Additionally, \$43.5 million is included for a 2.6% increase in medical CPI-U, and \$5.2 million is included to backfill decreased funding levels from tobacco settlement and county-supported Medicaid revenue. The Executive recommendation also includes \$10.7 million for other rate increases: \$2.9 million to improve behavioral health rates for non-Medicare equivalents, \$5.3 million for increased provider rates in the Program for All-Inclusive Care for the Elderly (PACE),

Data Dive



PERCENT OF NEW MEXICANS WITHOUT HEALTH INSURANCE



NUMBER OF NEW MEXICANS ENROLLED IN MEDICAID



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

which provides comprehensive medical and social services to certain elderly people still living in their community, and \$2.5 million to increase rates in assisted living facilities. In Medicaid administration, the Executive also recommends \$1.5 million in contractual growth, \$700 thousand to hire additional FTE, and \$400 thousand for pay band alignment.

In the Developmental Disabilities Supports Division (DDSD), the Executive recommendation includes \$2.8 million to backfill decreased FMAP rates, \$16.6 million for increased utilization, \$1.7 in increased contract costs, \$2.4 million for underfunded provider agreements, \$6 million to allow for continuous allocation of services to new participants in the Developmental Disabilities (DD) Waiver program, and \$28 million for increased provider rates, determined by a PCG rate study. The recommendation also supports staffing needs, allocating \$2.4 million to lower the vacancy rate in the program and \$300 thousand for pay band alignment.

The Executive also recommends funding for pay band alignment within HCA's other programs: \$220 thousand in the Information Technology division, \$250 thousand in program support, \$400 thousand for the Child Support Enforcement division, \$250 thousand in the Behavioral Health Services division, and \$750 thousand in the Division of Health Improvement (DHI). Other notable increases include \$400 thousand to replace TANF recovery revenues in the Income Support Division, and \$600 thousand for provider fee replacement funding in DHI.

Nonrecurring

The fiscal year 2026 Executive recommendation includes \$186.7 million from the general fund and \$6.6 million in other funding sources to support eleven nonrecurring items, or 'special appropriations,' for the Health Care Authority, to include:

- ◆ \$100 million for behavioral health expansion initiatives
- ◆ \$50 million to the Rural Healthcare Delivery Fund
- ◆ \$10 million to provide continued emergency assistance to food banks
- ◆ \$9 million to administer the 988 suicide hotline program, contingent on a bill setting a fee structure failing to pass the Legislature
- ◆ \$5 million to promote boarding home development and licensure throughout New Mexico
- ◆ \$4.3 million for SNAP system enhancements
- ◆ \$3.4 million for federal matching requirements for the certified community behavioral health clinic initiative, including programmatic and implementation costs
- ◆ \$2 million for contract staff augmentation as needed in the Income Support division
- ◆ \$1.5 million for training materials for income support leadership and field staff
- ◆ \$937 thousand for the Summer EBT program
- ◆ \$607.4 thousand for a quality services review to evaluate and improve service delivery at multiple levels of the protective services and behavioral health services programs serving children in state custody

The Executive also recommends three years of GRO funding for Medicaid expansion 1115 demonstration waiver items at \$30 million per year:

- ◆ \$13,499.6 for Maternal Health: Food for Pregnant Members with Co-Morbidity
- ◆ \$5,925.4 for Justice-Involved Medical Services
- ◆ \$3,973.4 for Justice-Involved Capacity-Building Infrastructure
- ◆ \$3,605.6 for Housing: Medical Respite for Homeless
- ◆ \$3,156.0 for HRSN: Housing and Food Capacity-Building Infrastructure

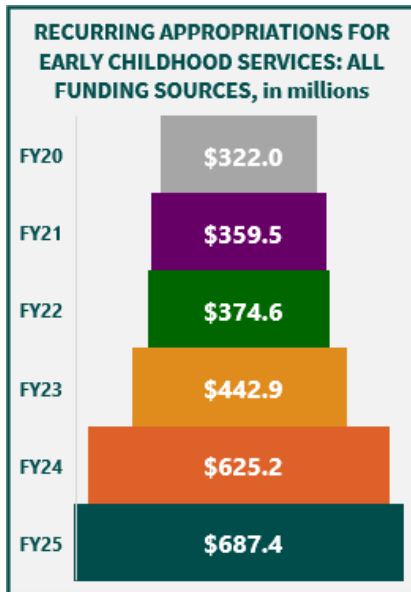
Early Childhood Education and Care Department (611)

Recurring

For fiscal year 2026, the Executive recommendation includes \$365.3 million in recurring general fund for the Early Childhood Education and Care Department, an increase of \$17.2 million, or 4.9%, over the current year.

	FY24	FY25	FY26 Rec	\$ Change YOY	% Change YOY
General Fund	\$328,079.9	\$348,074.2	\$365,274.2	\$17,200.0	4.9%
Total Funds	\$761,059.0	\$785,169.5	\$990,942.6	\$205,773.1	26.2%

Authorized by Senate Bill 20 from the 2019 Legislative Session, the Early Childhood Education and Care Department (ECECD) began coordinating and providing early childhood services across the state on July 1, 2020. The agency oversees multiple statewide programs supporting the education and care of children, including childcare assistance, prekindergarten (school-based and community-based), early interventions such as home visiting, and screening for the risks of developmental delays through the Family, Infant, Toddler program. ECECD also provides support and guidance for early childhood educators and professionals through classroom quality supports and educator feedback in the classroom. In addition to general fund appropriations, ECECD is also supported through numerous federal grants, earned revenues, and federal Temporary Assistance for Needy Families funding for childcare. Per statute, ECECD is also able to access funds from the Early Childhood Trust Fund (ECTF), established in the 2020 Legislative Session. Additionally, ECECD is a recipient of the Permanent School Fund distributions because of an amendment to the New Mexico Constitution, passed by seventy percent of voters in the 2022 general election.



For FY26, the Executive continues to fully support the agency’s expansion of childcare eligibility and access with \$98 million in ECTF funding. This funding will serve 5,100 additional children (55% of eligible infants and toddlers) across the state, allow the program to hire four additional FTE, and dedicate \$1 million to increase reimbursement in the Child and Adult Care Food Program, focusing on healthy, nutritious food from local growers. For prekindergarten, the Executive recommends a total of \$45.2 million for up to 2,700 additional PreK slots, focusing primarily on increasing early prekindergartners from 50% to 70% of 3-year-olds served and up to 84% of 4-year-olds, prioritizing the high-need areas of Bernalillo, Roswell, Lovington and Gallup-McKinley school districts. Of this amount, \$12 million is constitutionally guaranteed funding from the Land Grant Permanent Fund, while the balance of \$33.2 million is revenue from the trust fund. \$500.0 thousand from the ECTF

is also included in the recommendation to support four new FTE in the program.

Data Dive

PRE-K ENROLLMENT

Fiscal Year	Enrollment
FY19	~9,500
FY20	~10,500
FY21	~11,000
FY22	~14,500
FY23	~15,000
FY24	~16,500

STATE PREKINDERGARTEN ENROLLMENT

CHILDCARE ASSISTANCE ENROLLMENT

Fiscal Year	Enrollment
FY19	~20,000
FY20	~20,000
FY21	~15,000
FY22	~18,000
FY23	~25,000
FY24	~28,000

CHILDCARE ASSISTANCE ENROLLMENT, MONTHLY AVERAGE

The FY26 Executive recommendation provides funding for multiple initiatives to support quality instruction in the childcare or prekindergarten classroom. \$10 million of ECTF is supported to implement the wage and career lattice for early childhood professionals; additional funding includes \$3.5 million for PreK coaching and literacy supports, \$4 million for childcare quality improvement, \$2 million to expand the early childhood system building coalitions from thirteen to seventeen counties, \$2.5 million (\$2,000 per semester for 1,500 educators) for incentives for educators pursuing an AA or BA in early childhood full-time, and \$686.4 to support six FTE. The FY26 Executive recommendation continues to fully support the agency's efforts to reduce the numbers of childcare deserts across the state by increasing the number of credentialed and degreed educators.

Other initiatives supported in the FY26 recommendation include \$10 million of ECTF for increased rates in the Family, Infant, Toddler entitlement program (FIT), which served 15,669 children in FY24. These rate increases represent a 30 percent increase for providers delivering a multi provider service model and a 57 percent increase for providers delivering a primary provider service model. The Executive also recommends \$4.7 million to increase the state match for Medicaid reimbursements in the FIT program and \$10 million to expand home visiting (\$5.2 million from the Land Grant Permanent Fund and \$4.8 million from the ECTF). The home visiting funding includes \$4.7 million for new rates for current services, \$3.7 million for new services at new rates, \$740 thousand for provider expansion support and \$860 thousand for Medicaid billing support.

Lastly, the Executive recommends \$3 million in ECTF revenues for support of Tribal communities, focusing on culturally relevant curriculum support, increasing culturally relevant services, curriculum and professional development and language immersion. The recommendation also provides \$1.5 million for ECECD's data and software systems to be housed in a cloud environment, \$400 thousand to increase advertising for the agency's programs, and \$1.1 million for additional FTE.

Nonrecurring

The fiscal year 2026 Executive recommendation includes \$12 million from the general fund to support two nonrecurring items, or 'special appropriations,' for the Early Childhood Education and Care Department. The recommendation also includes a combination of ECTF and general fund for childcare improvements.

- ◆ \$69.5 million from the ECTF and \$35.1 million from the general fund to pilot major improvements to childcare to improve child outcomes, including improving teacher-child ratios and group size for children ages 0-5 and to raise the floor for compensation
- ◆ \$10 million general fund to support the Child Care Revolving Loan Fund, which provides low interest loans to licensed childcare providers to improve quality and increase capacity
- ◆ \$2 million general fund to support professional development staff in the Family, Infant, Toddler program in building skills to support evidence-based early intervention practice and autism supports

Department of Health (665)

Recurring

For fiscal year 2026, the Executive recommendation includes \$211.5 million in recurring general fund for the Department of Health, an increase of \$10.4 million, or 5.2%, from the current year.

	FY24	FY25	FY26 Rec	\$ Change YOY	% Change YOY
General Fund	\$389,197.3	\$201,111.6	\$211,515.6	\$10,404.0	5.2%
Total Funds	\$768,513.2	\$542,179.2	\$582,045.1	\$39,865.9	7.4%

As the main public health entity serving the people of New Mexico, the Department of Health (DOH) is tasked with developing, implementing, and overseeing multiple programs promoting health and health equity statewide through five public health regions. Services and programs provided through the Public Health Division include harm reduction, chronic and infectious disease prevention, immunizations, and reproductive services. DOH also runs an Epidemiology and Response Division, which oversees the vital records program, collects and analyzes health data, and supports trauma systems and emergency medical services. The Scientific Laboratory is New Mexico’s public health, drug and environmental laboratory and is tasked with conducting testing for infectious diseases and alcohol or drugs in criminal DWI cases. The laboratory also analyzes drinking water samples for contaminants. The Facilities Management Division oversees seven health care facilities across the state, and the Medical Cannabis division manages the patient registry system for medical cannabis users. In FY25, two Divisions—the Developmental Disabilities Support Division and the Division of Health Improvement (also known as the Health Certification, Licensing and Oversight Division) -- transferred to the Health Care Authority, as directed in Senate Bill 16 of the 2023 Legislative Session. The Facilities Management Division has struggled with a structural deficit due to a variety of issues, including low census, staffing, and inability to bill for certain Medicaid services.

For FY26, the Executive recommends a general fund increase of \$10.4 million, or 5.2%, over the adjusted base budget of \$201.1 million. The recommendation supports the agency’s efforts to remedy the facilities deficit, with \$5.2 million of recurring funding to mitigate reliance on patient revenues, and \$4.0 million designated for a New Mexico Behavioral Health Institute expansion that will allow the facility to bill for more services, increasing enterprise revenues.

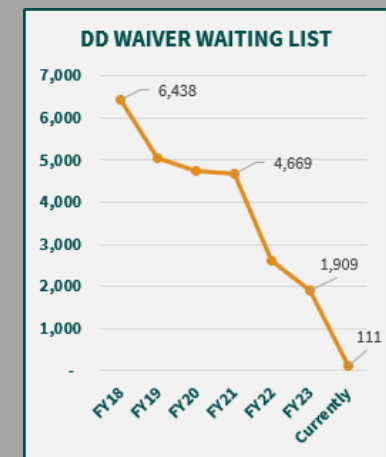
The Executive recommendation also includes a \$1.0 million increase in the Public Health Division directed at expanding the Farmers’ Market Nutrition Program, which addresses food insecurity among senior farmers’ market participants and grandparents raising grandchildren.

Finally, the general fund increase includes \$203 thousand for targeted salary increases for the Epidemiology and Response Division, which has lost epidemiologists due to low relative salaries. This increase should allow the agency to avoid resorting to contract workers, which are much more expensive.

Data Dive



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



NUMBER OF INDIVIDUALS ON THE DEVELOPMENTAL DISABILITIES WAIVER WAITING LIST

The DD Waiver Waiting List has been nearly reduced to zero. Although this division was moved to HCA in July, it is important to show the progress DOH was able to make in eliminating this barrier to healthcare.

Nonrecurring

The fiscal year 2026 Executive recommendation includes \$10.4 million from the general fund to support four nonrecurring items, or ‘special appropriations,’ and \$2.4 million for two supplemental appropriations for the Department of Health.

These include:

- ◆ \$5.4 million for the facilities financial gap
- ◆ \$3 million for local health councils
- ◆ \$1 million for facilities maintenance and repairs
- ◆ \$1 million to increase access to respiratory vaccines for low-income and under-insured adults
- ◆ \$2.3 million for a facilities shortfall in FY25
- ◆ \$110 thousand to cover the loss of federal funding in the Scientific Laboratories Division



DOH continues to struggle to staff its facilities. This results in increased overtime to COVID-era levels. The Division often needs to use outside staffing services to meet patients' needs. Outside staffing agencies often charge at least 50% more per FTE. The facilities must also adhere to staffing ratios, making it difficult to increase census numbers unless more staff is hired or contracted.

Children, Youth and Families Department (690)

Recurring

For fiscal year 2026, the Executive recommendation includes \$286.4 million in recurring general fund for the Children, Youth and Families Department, an increase of \$25.5 million, or 9.8%, over the current year.

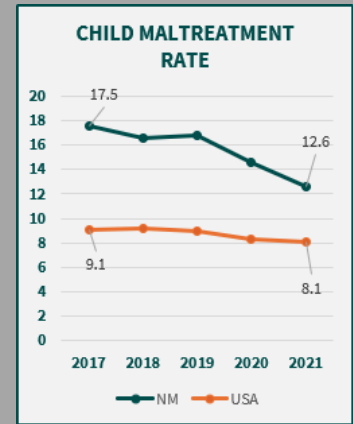
	FY24	FY25	FY26 Rec	\$ Change YOY	% Change YOY
General Fund	\$254,840.0	\$260,969.0	\$286,428.1	\$25,459.1	9.8%
Total Funds	\$384,514.7	\$389,157.3	\$398,628.3	\$9,471.0	2.4%

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

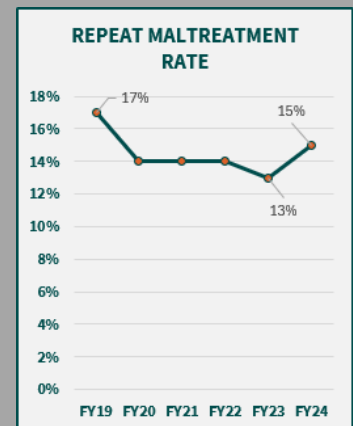
For FY26, the Executive recommends a total of \$286,428.1 in general fund, an increase of \$25,459.1, or 9.8 percent over fiscal year 2025. For this upcoming fiscal year, the Executive again supports the creation of a new Family Services Division designed to consolidate and house all programs relating to preventive services, including in-home services, community-based prevention, intervention, and reunification (CBPIR), Comprehensive Addiction and Recovery Act (CARA) and family outreach, which includes differential response. Current programs will be transferred from PSD, BHS and JJS. The FY26 Executive recommendation for this new division totals \$64.2 million and includes \$39.8 million in general fund, with a transfer of 161 FTE from the aforementioned three programs. The reorganization is in response to Executive Order 2023-20, Transforming Services for Children, Youth and Families and the Children, Youth and Families Department, directing leadership to undertake transformational change at the agency. The Executive recommends an increase of \$3 million in general fund in this division to replace expiring federal funding for domestic violence contracts.

Other general fund increases in the Executive recommendation include \$3.2 million in rate increases to GSD and DoIT, an additional ten million to backfill vacant federal authority in PSD and \$3.6 million to fund hiring additional case workers, investigators and to increase operational support to meet Kevin S caseload

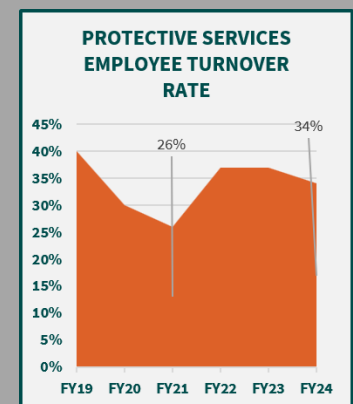
Data Dive



CHILD MALTREATMENT RATE PER 1,000 CHILDREN
**Data from the U.S Administration for Children and Families only available through 2021*



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



ANNUAL TURNOVER RATE FOR PROTECTIVE SERVICES WORKERS

standards. The personal services and employee benefits category in PSD also includes \$935.0 thousand to support additional staff at the receiving center to intake children under age twelve. The Executive recommendation also includes \$3.2 million to support two facilities—one for boys, one for girls—to decrease the agency’s current reliance on office stays for foster children. Overall, the Executive recommendation increases personal services and employee benefits by 4.2%, increases contractual services by 0.8 percent and increases spending in the other category by 0.9 percent.

Nonrecurring

The fiscal year 2026 Executive recommendation includes \$5.2 million from the general fund to support two nonrecurring items, or ‘special appropriation,’ for the Children, Youth and Families Department:

- ◆ \$4.2 million to the Children’s Trust Fund
- ◆ \$1 million to pilot a training academy

Aging and Long-Term Services Department (624)

Recurring

For fiscal year 2026, the Executive recommendation includes \$74.3 million in recurring general fund for the Aging and Long-Term Services Department, an increase of \$2.8 million, or 3.9%, over the current year.

	FY24	FY25	FY26 Rec	\$ Change YOY	% Change YOY
General Fund	\$65,372.5	\$71,467.1	\$74,250.1	\$2,783.0	3.9%
Total Funds	\$80,402.7	\$94,414.1	\$97,197.1	\$2,783.0	2.9%

The Aging and Long-Term Services Department (ALTSD) provides a wide range of services to older adults and adults with disabilities to assist them in maintaining their independence, dignity, autonomy, health, safety, and economic well-being. The recommendation establishes the Long-Term Care Division which will administer home- and community-based long-term care programs housed throughout ALTSD, including caregiver-based programming and support not otherwise provided or administered by the Health Care Authority.

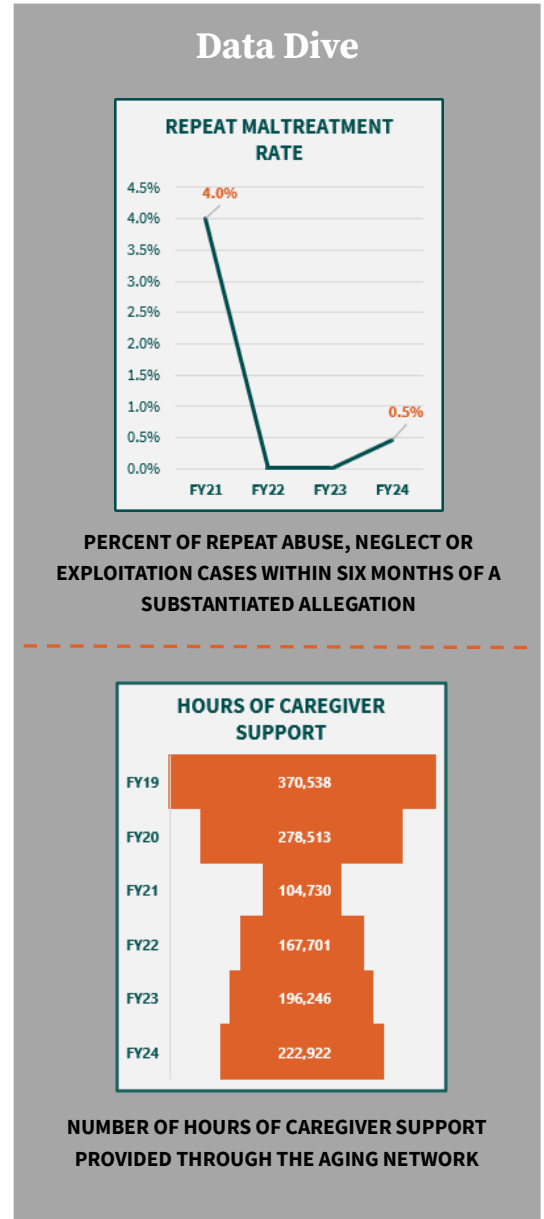
The \$2.8 million general fund increase in the FY26 Executive recommendation is mainly applied to personal services and employee benefits in the Consumer and Elder Rights Division and the newly established Long-Term Care Division, and in contractual services for the Area Agencies on Aging (AAAs) and Indian Area Agencies on Aging (IAAAs) which provide direct services to New Mexico’s aging population. The AAAs and IAAAs are private, nonprofit planning agencies, each guided by its own Board of Directors and Advisory Council that oversee and fund senior services including social supports, nutritional meals, disease prevention and health promotion, family caregiver support, and adult day care. The recommendation supports \$892.2 thousand in the Consumer and Elder Rights Division to convert 6 positions from term with funding through federal grants to permanent and funded with general fund, and the addition of 3 new positions; \$500 thousand to support 5 new FTE in the Long-Term Care Division to help sustain and build the division; and \$690.8 to the IAAAs/AAAs to bring network provider salaries to \$15 per hour.

The recommendation also includes \$400 thousand for federal match for the AmeriCorps program to address service gaps and support new service providers. Additionally, the Executive recommendation supports a \$300 thousand increase in the Consumer and Elder Rights Division to assist the Aging and Disability Resource Center’s call center achieve its goal of 90% of calls being answered by a live person.

Nonrecurring

The fiscal year 2026 Executive recommendation includes \$12.1 million from the general fund to support four non-recurring items, or ‘special appropriations,’ for the Aging and Long-Term Services Department, to include:

- ◆ \$9.5 million to the Kiki Saavedra Senior Dignity Fund for high-priority services for senior citizens in New Mexico, including transportation, food insecurity, physical and behavioral health, case management and caregiving
- ◆ \$1.5 million for marketing and educational outreach to connect the aging population and their caregivers to available resources



Fiscal Year 2026 Executive Budget Recommendation

- ◆ \$600 thousand for emergencies, disaster preparedness, and urgent supplemental programmatic needs and planning that result in serving seniors
- ◆ \$500 thousand to enhance technological advances in the agency's services ecosystem across the state

Department of Workforce Solutions (631)

Recurring

For fiscal year 2026, the Executive recommendation includes \$13.5 million in recurring general fund for the Department of Workforce Solutions (DWS), an increase of \$250 thousand, or 1.9%, over the current year.

	FY24	FY25	FY26 Rec	\$ Change YOY	% Change YOY
General Fund	\$11,166.1	\$13,297.0	\$13,547.0	\$250.0	1.9%
Total Funds	\$125,503.8	\$124,319.3	\$134,833.0	\$10,513.7	8.5%

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

The FY26 Executive recommendation includes a recurring general fund increase of \$250 thousand, or 1.9%, to replace a portion of the recurrent transfer from the Workers’ Compensation Administration (WCA) fund to DWS. Between the growing operating budget of the WCA, historical fund sweeps, and annual transfers to DWS, the WCA fund is on a path toward insolvency, so the recommendation scales back the transfer from WCA to DWS to improve the long-term sustainability of the WCA fund. The recommendation also supports a reorganization of the agency’s program structure, separating the State Apprenticeship Office from the Employment Services Program (P778) into its own program code – the Apprenticeship Program (P774). This reorganization will increase visibility and simplify financial and performance monitoring and reporting related to apprenticeship activity.

Nonrecurring

The fiscal year 2026 Executive recommendation includes \$3.1 million from the general fund and \$50 thousand from the penalty and interest fund to support six nonrecurring items, or ‘special appropriations,’ for DWS, to include:

- ◆ \$750 thousand to study the causes of, and solutions to, New Mexico’s low labor force participation rate
- ◆ \$500 thousand for the local news fellowship program
- ◆ \$500 thousand to develop a unified intake and case management process to improve service coordination and outcomes tracking of workforce development programs

Data Dive

CLAIMANTS RECEIVING UNEMPLOYMENT BENEFITS

NUMBER OF NEW MEXICANS RECEIVING UNEMPLOYMENT BENEFITS

LABOR FORCE PARTICIPATION RATE (%)

ESTIMATED EMPLOYMENT GAP

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

Indian Affairs Department (609)

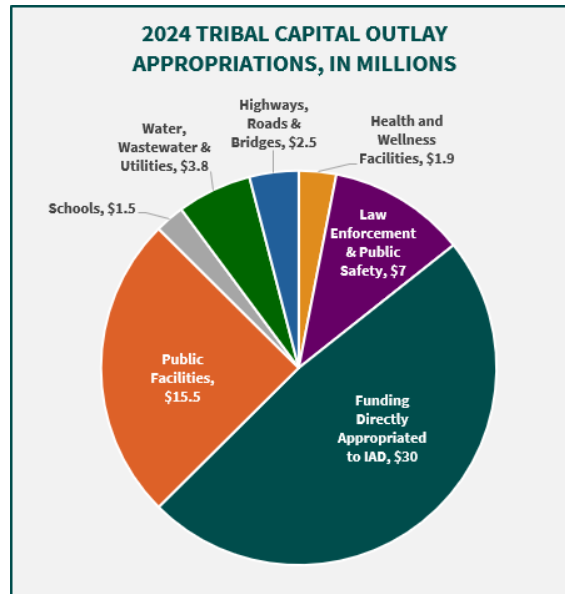
Recurring

For fiscal year 2026, the Executive recommendation includes \$5.1 million in recurring general fund appropriations for the Indian Affairs Department, an increase of \$389 thousand, or 8.2%, over the current year.

	FY24	FY25	FY26 Rec	\$ Change YOY	% Change YOY
General Fund	\$4,598.6	\$4,772.6	\$5,161.6	\$389.0	8.2%
Total Funds	\$4,847.9	\$5,021.9	\$5,410.9	\$389.0	7.7%

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

The FY26 Executive recommendation includes an increase of \$389 thousand from the general fund to support three positions to support the office of the general counsel, administrative services, and an office clerk. Of the \$389 thousand, the agency will utilize \$50 thousand to expand their existing office space and \$50 thousand for increased DoIT fees and travel costs.



Nonrecurring

The fiscal year 2026 Executive recommendation includes \$2.5 million from the general fund for comprehensive planning for tribal governments. This recommendation will assist Tribes in developing the infrastructure plans for their communities.

Issue Focus

TRIBAL CAPITAL OUTLAY

During the 2024 legislative session, there were approximately 187 Tribal capital outlay appropriations which totaled \$112.6 million in Senate Bill 275. Of the 187 appropriations, Governor Michelle Lujan Grisham recommended funding for 21 appropriations totaling \$32.2 million. This included \$15.5 million for public facilities, \$3.8 million for water, wastewater and utilities, \$1.5 million for schools, \$2.5 million for highways, roads, and bridges, \$7 million for law enforcement and public safety, and \$1.9 million for health and wellness facilities.

The appropriations mentioned above flow through various agencies and the Indian Affairs Department. At the start of the 2025 fiscal year, the department sent out all the intergovernmental agreements for each capital outlay project to the appropriated Tribe, Nation, and Pueblo. The department did so to ensure that Tribal communities have access to the resources they need to be sustainable and resilient. The department also maintains communication and conducts site visits. Since the start of the fiscal year, the department has completed 14 learning tours with the Tribes, Nations and Pueblos, attended 86 community events, and 36 meetings. Approximately twelve state agencies have joined the department for various learning tours.

Department of Veterans' Services (670)

Recurring

For FY26, the Executive recommendation includes \$11.0 million in recurring general fund for the Department of Veterans' Services, an increase of \$2.6 million, or 31.3%, over the current year.

	FY24	FY25	FY26 Rec	\$ Change YOY	% Change YOY
General Fund	\$6,893.4	\$8,391.1	\$11,016.6	\$2,625.5	31.3%
Total Funds	\$8,164.5	\$9,802.7	\$12,634.6	\$2,831.9	28.9%

A majority of the \$2.6 million general fund increase in the FY26 Executive recommendation for the Department of Veterans' Services (DVS) is applied to supporting FTE. The recommendation includes a general fund increase of \$1.1 million for Veteran Service Officers (VSOs) reclassification, the filling of several vacant positions and one new position to assist veterans throughout the state in applying for and obtaining the benefits to which they are entitled. The recommendation also includes an increase of \$432.4 thousand for increased costs associated with agency operations and support for the Veterans' Advisory Council.

Also included in the recommendation is a \$225 thousand general fund increase for suicide prevention and addressing veteran homelessness. DVS participates in the Governor's Challenge to Prevent Suicide among SMVF (service members, veterans, and their families), a national program that is currently funded and executed with the agency's general fund. The agency's goal is to continue building, strengthening, and increasing partnerships among behavioral health providers, the New Mexico Governor's Challenge partners, veteran service organizations, faith-based communities, and others to reduce the incidence of suicide among the state's veteran population. In its efforts to address veteran homelessness, DVS participates in outreach events; Veteran Stand Down events, which provide resources, education, personal care items, clothing, and blankets to veterans; and various service-provider partnerships to ensure homeless veterans are connected with federal and state benefits, healthcare, and services to assist them in obtaining housing.

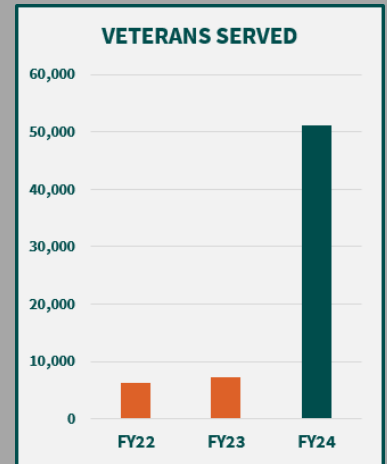
Lastly, the Executive recommendation for DVS includes \$1 million to operate the veterans' cemetery in Taos, contingent on the federal government not assuming operation of the cemetery by July 1, 2025.

Nonrecurring

The fiscal year 2026 Executive recommendation includes \$425 thousand from the general fund to support two nonrecurring items, or 'special appropriations,' for the Department of Veterans' Services, to include:

- ◆ \$250 thousand to provide services and outreach to rural and underserved veterans and their families
- ◆ \$200 thousand for transitional housing services, life skills training, and case management

Data Dive



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

*In FY24 DVS implemented a new system that enabled better tracking of veteran interactions



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

Economic Development Department (419)

Recurring

For fiscal year 2026, the Executive recommendation includes \$27.1 million in recurring general fund for the Economic Development Department (EDD), an increase of \$856.7 thousand, or 3.3% over the current year.

	FY24	FY25	FY26 Rec	\$ Change YOY	% Change YOY
General Fund	\$19,875.3	\$26,282.0	\$27,138.7	\$856.7	3.3%
Total Funds	\$20,089.1	\$31,116.5	\$29,730.4	(\$1,386.1)	(4.5%)

The EDD leads a coordinated effort to promote economic development and diversification in New Mexico and serves as a comprehensive source of information and assistance for business recruitment, expansion, and retention. In FY24, EDD programs directly generated the creation of 3,523 jobs with an average annual salary-per-job-created of \$56.7 thousand. The Local Economic Development Act (LEDA) program is the largest of EDD’s programs, accounting for two-thirds of the department’s FY24 job creation efforts. Other EDD programs include, but are not limited to, the Job Training Incentive Program (JTIP), the New Mexico MainStreet Program, the Outdoor Equity Grant Program, the Healthy Food Financing Program, the Business Incubator Certification Program, and the Science and Technology Business Startup Grant Program.

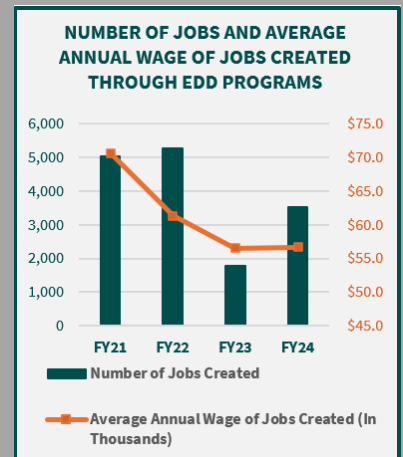
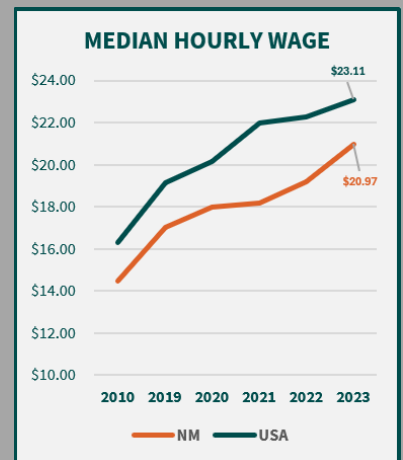
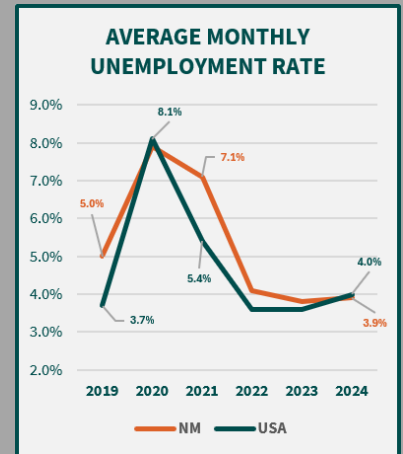
The FY26 Executive recommendation includes a general fund increase of \$856.7 thousand, or 3.3%. Of this total, \$600 thousand is intended for the department’s coordination with the New Mexico Partnership for international business recruitment due to recent successes. From FY23 to FY24, the number of jobs created through business relocations facilitated by the New Mexico Partnership grew from 165 to 1,995. In addition, the recommendation supports a general fund increase of \$147.5 thousand for modest growth across a variety of day-to-day operational expenditure accounts, such as office leases, information technology licensing agreements, supplies, and employee travel. The remaining general fund increase of \$109.2 thousand ensures that all 4 FTE in the Outdoor Recreation Division and both FTE in the Creative Industries Division are fully funded. The recommendation also includes the formulaic distribution of \$2.26 million from the Land of Enchantment Legacy Fund. Per statute, 25% of this distribution will go to the Outdoor Equity Grant Program, which funds outdoor recreation programs for low-income youth. The remaining 75% is dedicated toward outdoor recreation infrastructure and other projects promoting outdoor recreation.

Nonrecurring

The fiscal year 2026 Executive recommendation includes \$50 million from the general fund to support six nonrecurring items, or ‘special appropriations,’ for EDD, to include:

- ◆ \$24 million for the Site Readiness Program, a pilot program for GRO appropriation funding contingent on enactment of legislation

Data Dive



Fiscal Year 2026 Executive Budget Recommendation

- ◆ \$20 million for the Local Economic Development Act Program (LEDA), which provides grants for land, buildings or infrastructure to eligible businesses that are expanding in, or relocating to, New Mexico
- ◆ \$2.5 million for the Outdoor Equity Grant Program, which funds outdoor recreation programs for low-income youth
- ◆ \$2 million for the Healthy Food Financing Fund, which provides grant funding for small and mid-scale businesses in the food and agricultural supply chain to both retain and expand access to healthy food in underserved communities across the state
- ◆ \$1 million for startup costs at the New Mexico Media Arts Collective
- ◆ \$500 thousand for grants to support underrepresented filmmakers in the state

Tourism Department (418)

Recurring

For fiscal year 2026, the Executive recommendation includes \$26.6 million in recurring general fund for the Tourism Department, an increase of \$989 thousand, or 3.9%, over the current year.

	FY24	FY25	FY26 Rec	\$ Change YOY	% Change YOY
General Fund	\$24,240.7	\$25,612.7	\$26,602.1	\$989.4	3.9%
Total Funds	\$32,319.1	\$30,429.7	\$31,420.5	\$990.8	3.3%

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

The FY26 Executive recommendation includes a total general fund increase of \$989.4 thousand. \$790.8 thousand is designated for personal services to realign and fully fund positions, cover the 10% group insurance increase, and the addition of 2 full-time positions. The Executive recommends funding a Program Coordinator position in Tourism Development to support the growing Cooperative Marketing and Advertising Program, and Event Growth and Sustainability Program, which provides grants to local governments, Tribal governments, and tourism-related nonprofits to attract visitors to their destinations and events. In FY25 the Event Growth and Sustainability Program nearly tripled FY23's initial program investment awarding a total of \$533.2 thousand in grant funding for 38 tourism-related events scheduled over the next 12 months across New Mexico. Also recommended is the HR Generalist II position in program support to provide capacity support and streamline and improve processes. The realignment will allow the agency to fully fund full-time filled positions to reflect true operational needs while allowing the agency to fill approximately 7 more positions than in FY25.

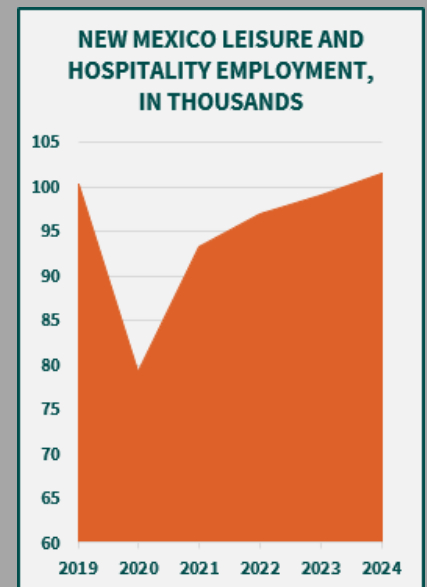
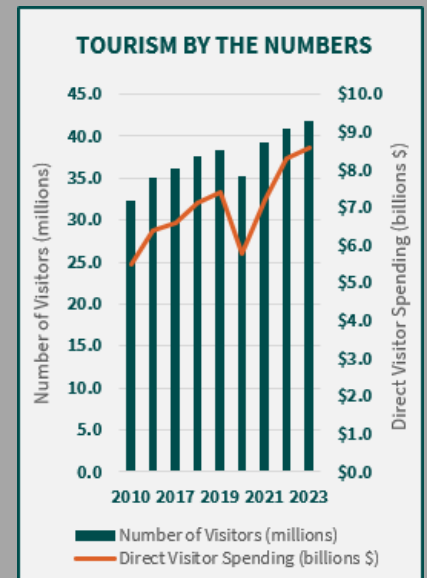
The FY26 Executive recommendation also includes a general fund increase of \$200.0 thousand in the other category for advertising support of the New Mexico Bowl. The New Mexico Bowl (also known as the Isleta New Mexico Bowl) is an annual post-season NCAA-sanctioned college football game held in December. The ESPN-owned event has been held since 2006 at the University of New Mexico, attracting upward of 30,000 attendees annually.

Nonrecurring

The fiscal year 2026 Executive recommendation includes \$22.2 million from the general fund to support four nonrecurring items, or 'special appropriations,' for the Tourism Department, to include:

- ◆ \$16 million for national marketing and advertising campaigns, with \$2.5 million for the Route 66 Centennial Celebration
- ◆ \$1.9 million for local and regional tourism development to include grants to local and Tribal governments for tourism-related infrastructure projects through the Destination Forward program

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Fiscal Year 2026 Executive Budget Recommendation

- ◆ \$2 million to the marketing and promotion program, Marketing Center of Excellence Bureau established by statute 9-15-12, NMSA 1978
- ◆ \$2 million for a marketing campaign for litter pickup and beautification, statewide cleanup efforts, and education to instill state pride
- ◆ \$300.0 thousand to contract for services for an athletic competition for people with disabilities

Department of Cultural Affairs (505)

Recurring

For fiscal year 2026, the Executive recommendation includes \$47.4 million in recurring general fund for the Department of Cultural Affairs, an increase of \$3 million, or 6.8%, over the current year.

	FY24	FY25	FY26 Rec	\$ Change YOY	% Change YOY
General Fund	\$41,434.1	\$44,374.2	\$47,385.1	\$3,010.9	6.8%
Total Funds	\$52,812.9	\$58,593.6	\$63,842.8	\$5,249.2	9.0%



Vladem Contemporary

The Department of Cultural Affairs (DCA) continues to expand upon its core mission of preserving and sharing New Mexico’s rich cultural heritage with the world, and the fiscal year 2026 Executive recommendation supports this. Attendance at DCA’s state museums and historic sites continues to recover from the lows of the pandemic, with 707 thousand attendees in FY24. Revenue

generated from ticket sales, rentals and other activity continues to hold steady at \$3.9 million. The Vladem Contemporary Annex of the New Mexico Museum of Art opened to the public in September 2023 and the Taylor Mesilla Historic Site is undergoing extensive renovation before fully opening to the public in 2025.

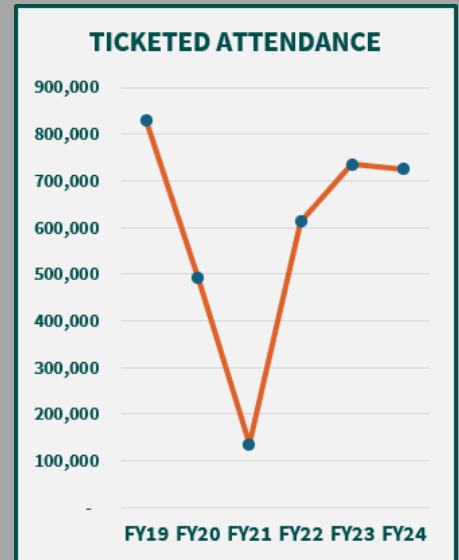
The \$3 million general fund increase to DCA’s budget is mainly applied to the Museums and Historic Sites Program. \$2.5 million will support long-term staffing needs in this division, as successful hiring and reductions in the vacancy rate to provide better customer service, security, and experiences at museums and historic sites have made the division reliable on one-time funding to meet salaries and benefits costs. The Executive recommendation also includes \$280 thousand to support increased utilities costs and other rate increases for museums and historic sites and \$383 thousand to support staffing needs in other programs.

Nonrecurring

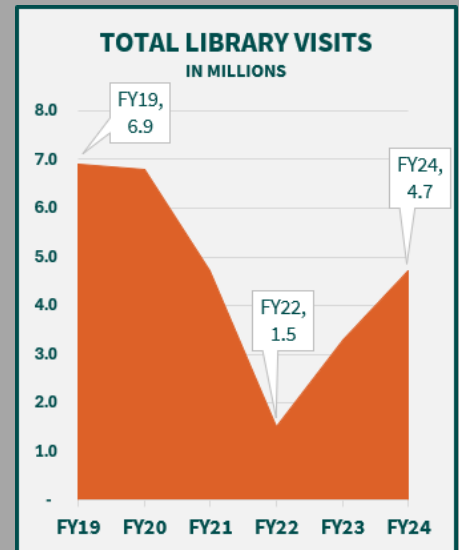
The fiscal year 2026 Executive recommendation includes \$16.5 million from the general fund to support four nonrecurring items, or ‘special appropriations,’ for the Cultural Affairs Department, to include:

- ◆ \$10 million transfer to the Rural Library Endowment Fund, which provides annual distributions to support the preservation, development and establishment of rural libraries throughout the state
 - ◆ This amount will increase the fund principal to \$40.5 million which will increase the annual disbursement by approximately \$8,000 per library.
- ◆ \$5 million for Native American Graves Protection and Repatriation Act compliance
- ◆ \$1 million for marketing and public relations for museums and historic sites
- ◆ \$500 thousand for semiquincentennial programming and expenses

Data Dive



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



ANNUAL NUMBER OF VISITS TO NEW MEXICO PUBLIC AND TRIBAL LIBRARIES

Energy, Minerals and Natural Resources Department (521)

Recurring

For fiscal year 2026, the Executive recommendation includes \$44.6 million in recurring general fund for the Energy, Minerals and Natural Resources Department, an increase of \$3.9 million, or 9.8%, over the current year.

	FY24	FY25	FY26 Rec	\$ Change YOY	% Change YOY
General Fund	\$35,439.6	\$40,680.7	\$44,669.6	\$3,988.9	9.8%
Total Funds	\$153,253.9	\$189,895.6	\$228,705.9	\$38,810.3	20.4%

The Executive recommendation for the Energy, Minerals and Natural Resources Department (EMNRD) reflects continued support of essential operations at the agency with targeted areas of growth related to issues such as climate change and renewable energy as well as alleviating declining fund balance and aligning position salaries. The recommendation includes a general fund increase of \$500 thousand to the Healthy Forests Division to support the training and expenses of New Mexico’s two new hotshot crews and \$366.7 thousand to the State Parks Division for state park maintenance. The Executive recommendation for the Oil and Gas Conservation Division includes a \$400 thousand general fund increase for staffing and alignment to support filling existing FTE positions to facilitate increased compliance and inspection efforts and associated costs. The Program Leadership and Support Division recommendation includes a \$281.9 thousand increase for alignment and for 1 new FTE.

Nonrecurring

The fiscal year 2026 Executive recommendation includes \$78.3 million from the general fund to support twelve nonrecurring items, or ‘special appropriations,’ for the Department of Energy, Minerals and Natural Resources, to include:

- ◆ \$20 million to the Geothermal Projects Development Fund
- ◆ \$20 million for wildfire mitigation programs and initiatives
- ◆ \$15 million for matching funds for the Land & Water Conservation Fund, Community Energy Efficiency Block Grant, and Infrastructure Investment and Jobs Act funding
- ◆ \$10 million to contract with a non-governmental entity for the purpose of providing services relating to the administration and operation of programs to facilitate the adoption of technologies such as wind, solar, weatherization and geothermal energy that are intended to reduce carbon emissions
- ◆ \$5 million for remodeling and upgrades at Smokey Bear Historical Park
- ◆ \$2 million for a public education campaign to reduce wildfires
- ◆ \$2 million to develop a statewide energy review and transition plan
- ◆ \$1 million for a critical minerals study
- ◆ \$1 million for grid modernization program grants
- ◆ \$1.5 million to repair and replace State Parks law enforcement vehicles
- ◆ \$800 thousand for an interactive wildfire hazard map

Issue Focus

RENEWABLE ENERGY AND FIRE RESPONSE



Lightning Dock geothermal power plant in the Animas Valley

New Mexico’s abundant renewable energy resources present significant opportunities for sustainable development and energy security and position the state as a leader in the renewable energy transition.

The Executive recommendation provides \$20 million to the Geothermal Projects Development Fund, \$6 million to the Community Energy Efficiency Block Grant, and \$1 million to the Grid Modernization Program Grant. Building up renewable energy infrastructure and state-led efficiency grants is crucial to protect the future of New Mexico.

Additionally, the Executive recommendation provides for additional preventative and emergency measures to account for the continuous danger of fires, which in 2024 have killed 2 people, damaged or destroyed over 900 structures, and caused over \$1.2 billion in damages.

To combat these disasters, the Executive recommendation of \$500 thousand to fully fund two hotshot crews, \$2 million for a wildfire campaign, and \$800 thousand for a hazard and risk map to serve as preventative and emergency measures to mitigate the effects of fires on the state as best as possible.

Office of the State Engineer (550)

Recurring

For fiscal year 2026, the Executive recommendation includes \$41.5 million in recurring general fund for the Office of the State Engineer, an increase of \$7.3 million, or 21.6%, over the current year.

	FY24	FY25	FY26 Rec	\$ Change YOY	% Change YOY
General Fund	\$30,665.4	\$34,149.5	\$41,537.0	\$7,387.5	21.6%
Total Funds	\$47,344.9	\$51,058.0	\$56,765.5	\$5,707.5	11.2%

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

The Executive recommendation for the Office of the State Engineer (OSE) includes a \$7.3 million general fund increase in support of the agency’s core missions of water rights enforcement, settlement negotiation, and implementation. \$2.1 million of this increase is recommended for an agency-wide corrective salary adjustment to provide competitive salaries to recruit and retain technical experts and quality staff. The Executive supports the increase for continued improvements in customer service, water settlements, resolution of conflicts, and providing necessary water rights enforcement. \$875.0 thousand is recommended to fill 4 Indian Water Rights Settlements mandated water master positions, 4 Middle Rio Grande Water Management positions, 2 Water Planning, Education and Outreach positions, and 2 Water Data Act Initiative support positions.

To address the long-term funding needs of OSE, the Executive recommendation replaces \$1,501.8 from the Irrigation Works Construction Fund and \$498.2 from the Improvement of the Rio Grande Income fund with general fund. This significant, continued reduction of what was supposed to be a short-term legislated reliance on trust funds will not only reverse the trust funds' trend toward insolvency but will also advance the effort to allow the assigned beneficiaries of the trust funds to be able to use trust revenues toward their statutorily intended purposes. This will allow the funding to meet current needs like post-wildfire recovery and repair of aging and inefficient infrastructure.

The recommendation also includes \$500.0 thousand for increased district office lease rates and additional office space in Albuquerque and Las Cruces to increase the agency's footprint in two of our state's largest cities, as well as a \$200.0 thousand increase to cover increased drought fieldwork and the fluctuation of fuel costs in recent years in the Water Resource Allocation program. Finally, \$120.0 thousand is recommended for a new water adjudication document management system to improve the adjudication process.

Issue Focus

50-YEAR WATER PLAN



Water is a precious resource in New Mexico and preserving it must be a priority for the long-term protection of the state’s environment. With that in mind, in 2021 the Interstate Stream Commission commissioned the New Mexico Bureau of Geology and Mineral Resources to develop a comprehensive report on the impacts of climate change on the state’s water resources over the next 50 years.

To read more about the 50-year water plan, click here:

[New Mexico's 50-year Water Plan](#)

The Executive recommendation allocates \$49 million of nonrecurring general fund appropriations through a cross-agency approach to implement key provisions of the fifty-year water plan, as follows.

- ◆ \$28.7 million to New Mexico Tech for aquifer monitoring and improved groundwater characterization
- ◆ \$10 million to the Department of Agriculture to fund the adoption of technologies and practices that conserve water in agricultural operations
- ◆ \$5.3 million to the New Mexico Environment Department for regionalization of water systems, sampling and analysis of drinking water, and the strategic water supply program
- ◆ \$5 million to the Office of the State Engineer for implementation of the Water Security Planning Act, and modernization of agency online information and engagement tools

Nonrecurring

For fiscal year 2026 Executive recommendation includes \$58 million to support six nonrecurring items, or ‘special appropriations,’ for the Office of the State Engineer, to include:

- ◆ \$35 million to support and fund Indian water rights settlements
- ◆ \$5 million for water litigation and/or settlement under the Rio Grande Compact and Colorado River
- ◆ \$3 million for state compliance with the 2003 Pecos settlement agreement and other drought relief activities on the Lower Pecos Basin
- ◆ \$1 million for implementation of the Water Security Planning Act, 50-Year Water Action Plan, and modernization of agency online information and engagement tools
- ◆ \$3 million IT C-2 request for the Water Administration Technical Engineering Resource System (WATERS) Modernization Analysis and Discovery
- ◆ \$3 million IT C-2 request for Real Time Measurement System Modernization project

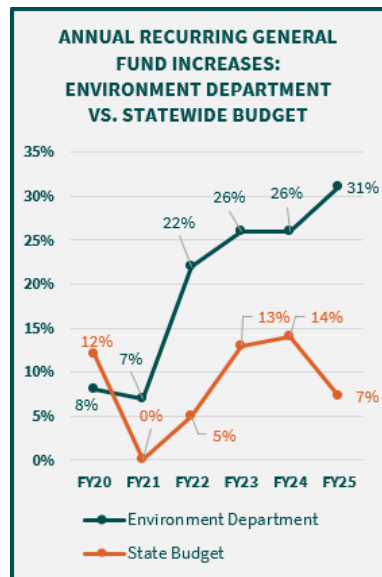
Environment Department (667)

Recurring

For fiscal year 2026, the Executive recommendation includes \$33.3 million in recurring general fund for the Environment Department, flat to the current year.

	FY24	FY25	FY26 Rec	\$ Change YOY	% Change YOY
General Fund	\$25,487.7	\$33,275.0	\$33,275.0	\$0.0	0.0%
Total Funds	\$189,748.7	\$247,094.4	\$200,498.8	(\$46,595.6)	(18.9%)

The Environment Department (NMED) is responsible for the administration of federal and state laws and regulations related to air quality, surface and groundwater quality, solid waste disposal, underground storage tanks, radioactive materials, radiologic technology, occupational safety, and food safety. Both the Executive and the Legislature have made it a priority to increase state resources to support the important work of the Department. From FY20 through FY25, recurring general fund appropriations to NMED increased by \$21.3 million, or 278%. In addition to general



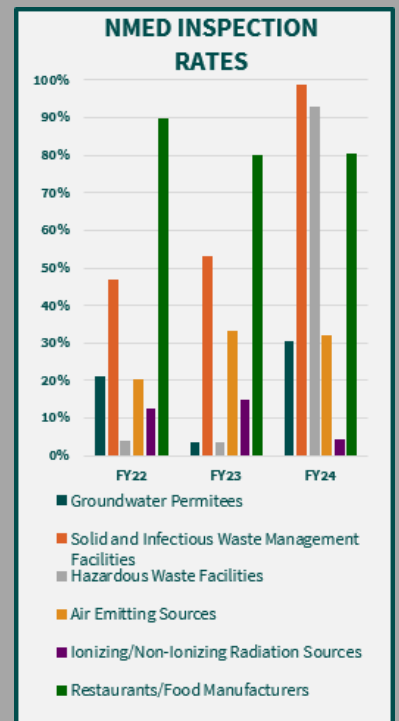
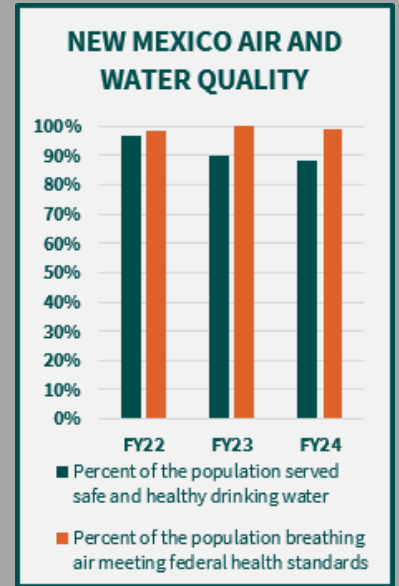
fund appropriations and federal grants, NMED’s budget includes numerous special revenue sources from various application, certification, penalty, and permitting fees. Many of NMED’s special revenue funds are approaching depletion, despite efforts by the Department, as fees and penalties have not kept pace with program costs and inflation.

The Executive recommendation supports the creation of the Compliance and Enforcement Division, transferring 120 FTE from existing programs and creating 10 new FTE, and transferring \$12.3 million from the other programs to fund the division. The Compliance and Enforcement Division improves regulatory

oversight and performance. This program also ensures alignment with federally delegated programs and establishes a clear separation between permitting and enforcement personnel, preventing conflicts of interest.

The recommendation also includes the deactivation of the Special Revenues Funds program, and instead appropriates the agency’s special revenues directly into the various Divisions, ultimately eliminating the cause of double accounting and more accurately depicting the agency’s actual revenues and expenditures. As a result of directly appropriating into the Divisions and the expiration of various federal grants, such as an Infrastructure Investment and Jobs Act grant, the overall recommendation reflects a decrease of \$48.1 million from all funding sources.

Data Dive



Nonrecurring

The fiscal year 2026 Executive recommendation includes \$171.95 million to support ten nonrecurring items, or ‘special appropriations,’ for the Environment Department, to include:

- ◆ \$75 million for the development, implementation, and support of the strategic water supply program
- ◆ \$50 million for investigation and remediation of neglected contamination sites
- ◆ \$15 million for low interest loans to rural communities for water, wastewater, and solid waste projects
- ◆ \$8 million to develop per-and polyfluoroalkyl chemicals rules and litigation
- ◆ \$6 million for compliance and enforcement strategies, including lab analytical services
- ◆ \$5.7 million for federal match, the clean-up of superfund sites, and costs associated with the Terrero mine
- ◆ \$4 million to address private well water contamination and per-and polyfluoroalkyl chemicals in Curry County
- ◆ \$3 million for climate change initiatives
- ◆ \$2.75 million for regionalization of water systems
- ◆ \$2.5 million for sampling and analysis of drinking water

Corrections Department (770)

Recurring

For fiscal year 2026, the Executive recommendation includes \$352.2 million in recurring general fund for the Corrections Department, an increase of \$15 million, or 4.5%, over the current year.

	FY24	FY25	FY26 Rec	\$ Change YOY	% Change YOY
General Fund	\$343,844.2	\$337,208.1	\$352,238.5	\$15,030.4	4.5%
Total Funds	\$374,931.5	\$368,869.3	\$383,821.1	\$14,951.8	4.1%

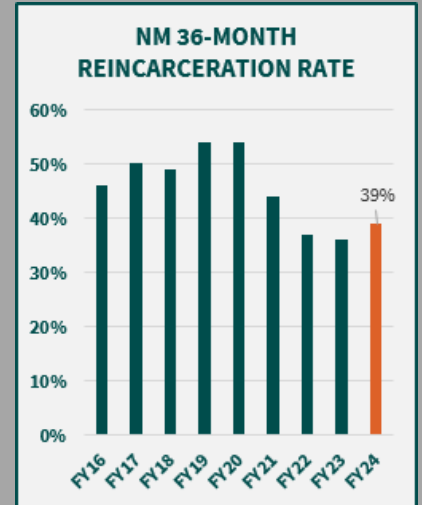
The Corrections Department oversees ten and operates eight of New Mexico’s prison facilities and administers the state’s probation and parole system. The Executive recommendation for the Corrections Department focuses primarily on meeting the department’s contractual and legal obligations in the Inmate Management and Control (IMAC) program. Over the last several years, the Department only managed to remain near flat due to compensation appropriations and has seen significant reductions to the IMAC program’s personnel budget. The Executive recommendation includes some funding for personnel but primarily focuses on meeting contractual requirements and needs for medical and behavioral health services, leases for public prisons, and per diem for private prisons and transitional living and reentry services. Additionally, the recommendation includes \$200.0 thousand to increase the capacity and enrollment of trainees at the Department’s training academy.

Nonrecurring

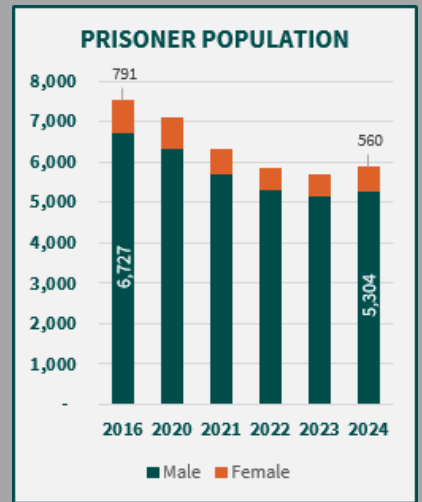
The fiscal year 2026 Executive recommendation includes \$47 million (\$30 million from the general fund, and \$17 million from other funds) to support three nonrecurring items, or ‘special appropriations,’ for the Corrections Department, to include:

- ◆ \$25 million to treat and monitor Hepatitis C
 - ◆ \$10 million from the general fund
 - ◆ \$15 million from the Penitentiary Income Fund
- ◆ \$20 million from the general fund for a Medication-Assisted Treatment (MAT) program for opioid use disorder
- ◆ \$2 million from Community Corrections fund balance to expand reentry services

Data Dive



PERCENT OF PRISONERS REINCARCERATED WITHIN THIRTY-SIX MONTHS OF RELEASE



PRISONER POPULATION HIGH COUNT IN NEW MEXICO

Department of Public Safety (790)

Recurring

For fiscal year 2026, the Executive recommendation includes \$196.4 million in recurring general fund for the Department of Public Safety, an increase of \$11.9 million, or 6.4%, over the current year.

	FY24	FY25	FY26 Rec	\$ Change YOY	% Change YOY
General Fund	\$165,240.7	\$184,571.5	\$196,438.7	\$11,867.2	6.4%
Total Funds	\$202,277.4	\$221,083.2	\$229,419.4	\$8,336.2	3.8%

The mission of the Department of Public Safety (DPS) is to protect human life and property through the detection and prevention of criminal activity and enforcement of state laws. Over the last several years, the funding priorities for DPS have revolved around recruiting and retaining officers in the ranks of the state police. The recommendation for FY26 shifts that priority to ensuring that law enforcement is appropriately equipped and supported with the technical staff needed to help ensure swift and certain justice. The Executive includes \$4.2 million for a mandatory upgrade of protective equipment, including body cameras, and a significant increase in recurring funds for law enforcement vehicles. In the other programs, the recommendation includes funding to ensure that the law enforcement records,

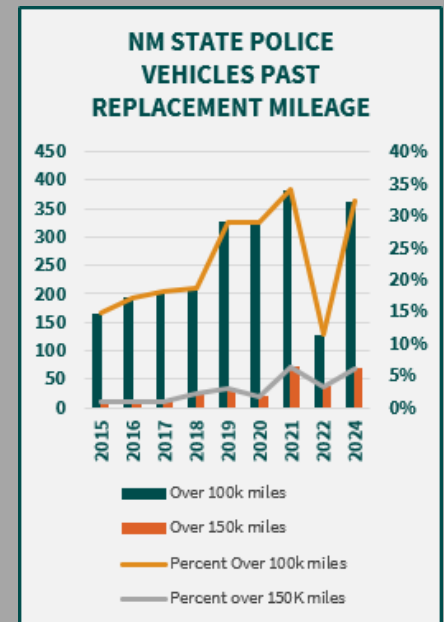
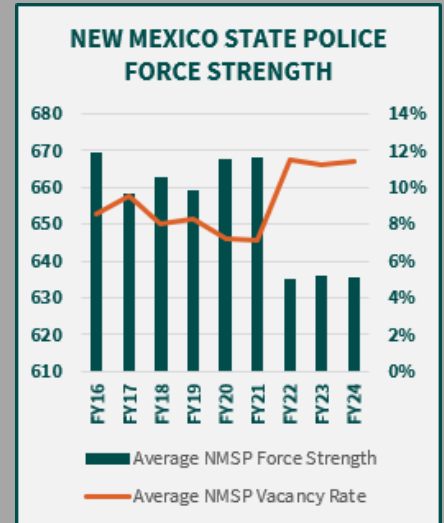
information technology, and forensic laboratory bureaus are appropriately funded and staffed. The recommendation includes \$1.7 million to support appropriate and competitive compensation to reduce vacancies among these bureaus, as all are highly demanding fields and quickly advancing. The Department restructured how forensic scientists are paid in 2024, and the IT and law enforcement records bureaus are undertaking a rapid expansion of work including upgrades and improvement of systems. The recommendation also includes \$1.6 million to ensure State Police officers are appropriately compensated in accordance with their experience.

Nonrecurring

The fiscal year 2026 Executive recommendation includes \$4 million from the general fund to support two nonrecurring items, or ‘special appropriations,’ for the Department of Public Safety, to include:

- ◆ \$2.7 million for various technological equipment and system enhancements
- ◆ \$1 million for helicopter maintenance
- ◆ \$300.0 thousand for the Lieutenant Beers Honor Guard Memorial Fund

Data Dive



Department of Homeland Security and Emergency Management (795)

Recurring

For fiscal year 2026, the Executive recommendation includes \$5.0 million in recurring general fund for the Department of Homeland Security and Emergency Management, an increase of \$953.2 thousand, or 23.8%, over the current year.

	FY24	FY25	FY26 Rec	\$ Change YOY	% Change YOY
General Fund	\$3,582.2	\$4,009.9	\$4,963.1	\$953.2	23.8%
Total Funds	\$140,026.8	\$138,951.3	\$418,257.3	\$279,306.0	201.0%

The Executive recommendation for the Department of Homeland Security and Emergency Management prioritizes improving disaster management operations in the homeland security and emergency management program and appropriately distributing fire insurance tax revenue for the State Fire Marshal’s Office program. The recommended general fund increase of \$953.2 thousand for the homeland security program supports the creation of a disaster management unit for improved internal management and to have a team of disaster managers ready to deploy as a first-step financial team for on-site management of disaster events, as well as beginning to convert to improved operation and management of the agency’s information technology. This general fund increase will be matched with federal Emergency Management Performance Grant dollars from the Federal Emergency Management Agency (FEMA). The Executive recommendation also includes a restructuring of the agency’s federal funding management that shifts an additional \$229.7 million into the operating budget to improve internal and external oversight of federal grants.

In total, the recommendation for the State Fire Marshal’s office includes \$100 million for distributions to fire departments statewide from the Fire Protection Fund, \$46.2 million for grants from the Fire Protection Grant Fund, and \$10.3 million for program operations. Most of the recommended \$677.7 thousand increase for operations is directed at acquiring equipment for the state’s firefighter training academy in Socorro. The recommendation also includes an increase of about 44.8% for the fire protection grant fund due to an improved revenue projection to better predict fire insurance tax revenue.

Nonrecurring

The fiscal year 2026 Executive recommendation includes \$275 thousand from the general fund to support nonrecurring items, or ‘special appropriations,’ for the Department of Homeland Security and Emergency Management to purchase information technology equipment.

Department of Military Affairs (705)

Recurring

For fiscal year 2026, the Executive recommendation includes \$11.3 million in recurring general fund for the Department of Military Affairs, an increase of \$1.6 million, or 16.5%, over the current year.

	FY24	FY25	FY26 Rec	\$ Change YOY	% Change YOY
General Fund	\$9,082.4	\$9,679.3	\$11,278.2	\$1,598.9	16.5%
Total Funds	\$32,626.4	\$34,471.8	\$36,934.1	\$2,462.3	7.1%

The primary role of the Department of Military Affairs is to provide administrative and coordinated support to the New Mexico National Guard to maintain a high degree of readiness to respond to state and federal missions. The Department also hosts the Governor’s Summer Challenge, Job Challenge, and Youth Challenge Academy programs which provide education, leadership, character development, and life coping skills to New Mexico’s youth so they may become productive citizens.

The \$1.6 million general fund increase includes funding to continue and expand the Governor’s Youth Challenge program throughout the state, fund positions to implement the Job Challenge program, and provide equipment and supplies for the Youth Challenge program that are not eligible for federal match. The recommendation also funds 13 additional positions for the Job Challenge program located in Albuquerque that will commence in March 2025.

Nonrecurring

The fiscal year 2026 Executive recommendation includes \$714 thousand from the general fund to support nonrecurring items, or ‘special appropriations,’ for the Department of Military Affairs to purchase furniture and supplies for the Job Challenge program, and to support the Governor’s Summer Challenge program in 2025.

Department of Transportation (805)

Recurring

For fiscal year 2026, the Executive recommendation includes \$1.25 billion in recurring funding for the Department of Transportation, an increase of \$29.5 million, or 2.4%, over the current year.

	FY24	FY25	FY26 Rec	\$ Change YOY	% Change YOY
General Fund	N/A	N/A	N/A	N/A	N/A
Total Funds	\$1,214,648.1	\$1,221,152.4	\$1,250,651.8	\$29,499.0	2.4%

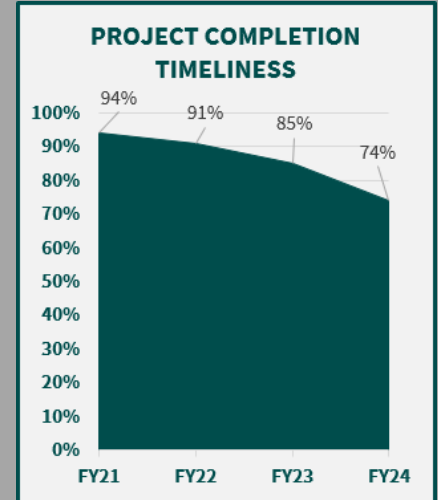
The mission of the Department of Transportation is to provide a safe and efficient transportation system for the traveling public, while promoting economic development and preserving the environment of New Mexico. The Executive recommendation for the Department of Transportation, which does not receive a general fund appropriation for operations, provides for modest increases of 1.1% from other state fund revenue but includes a \$21 million increase in federal funds for projects from the Infrastructure Investment and Jobs Act and transit facility renovation.

Nonrecurring

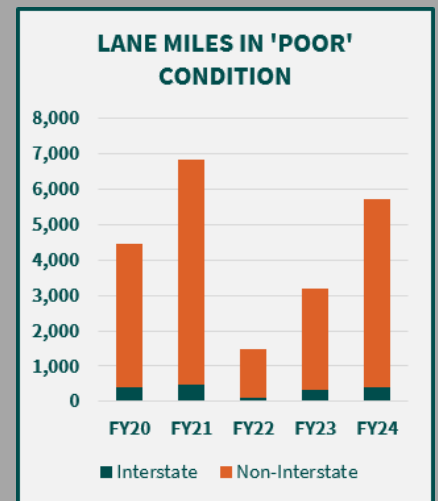
The fiscal year 2026 Executive recommendation includes \$322 million from the general fund to support nonrecurring items, or ‘special appropriations,’ for the Department of Transportation for transportation infrastructure priorities, to include:

- ◆ \$150 million for road projects
- ◆ \$150 million for road maintenance
- ◆ \$12 million for rural air service enhancement
- ◆ \$10 million for New Mexico roadway beautification

Data Dive



PERCENT OF DOT PROJECTS COMPLETED ON SCHEDULE



NUMBER OF COMBINED SYSTEMWIDE LANE MILES IN 'POOR' CONDITION

Department of Finance and Administration (341)

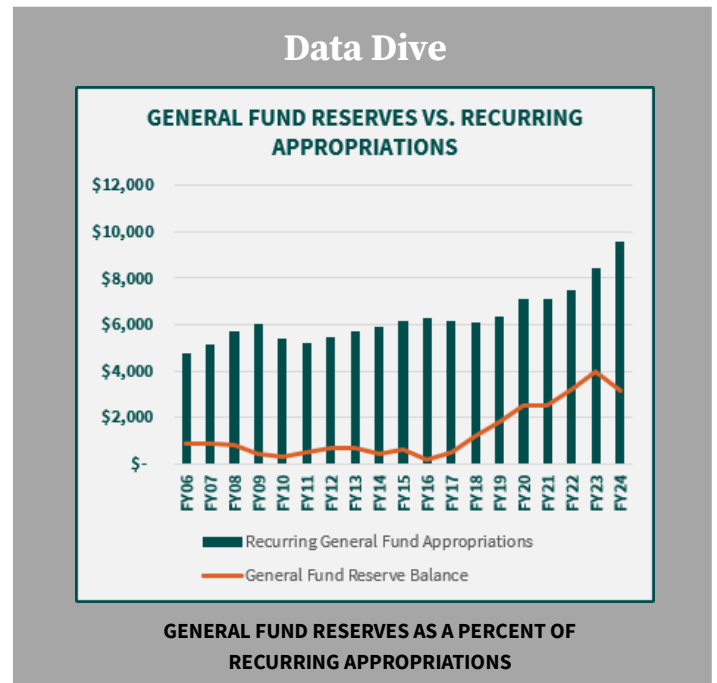
Recurring

For fiscal year 2026, the Executive recommendation includes \$37.8 million in recurring general fund for the Department of Finance and Administration (DFA), an increase of \$2.3 million, or 6.4%, over the current year.

	FY24	FY25	FY26 Rec	\$ Change YOY	% Change YOY
General Fund	\$54,237.6	\$35,490.2	\$37,774.2	\$2,284.0	6.4%
Total Funds	\$193,302.1	\$227,169.1	\$266,921.7	(\$247.4)	(0.1%)

The mission of the Department of Finance and Administration is to guide, serve, and support public entities to ensure fiscal accountability and effective government. The Executive recommendation for DFA reflects an increase of \$2.28 million in general fund increases to provide full funding for Financial Control Division positions and support one additional legal position in the Office of the Secretary, two positions at the Local Government Division, and 6 term positions for the newly created Infrastructure Planning and Development Division.

Chapter 10 of Laws 2024 established the Infrastructure Planning and Development Division (IPDD). IPDD will collaborate with state agencies, the legislative and judicial branches, and local public bodies to provide comprehensive planning and funding assistance for capital projects listed in the Infrastructure Capital Improvements Plan (ICIP). Their mission is to expertly manage the planning and funding process for all capital outlay projects, ensuring that they are fully funded through various appropriations and financing mechanisms, including the Capital Appropriation Bill, the Reauthorization Bill, the GOB Bill, HB2 Specials Appropriations, federal grant and loan programs, state grant and loan programs, and any junior budget bill. The Executive recommendation provides an additional \$960.7 thousand in recurring general fund to support the agency with six new positions, contractual support for the Infrastructure Finance Conference, and other increases to further the division’s mission.



There are several flow-through appropriations and administratively attached entities that are within DFA’s direct fiscal oversight that can be found within the Dues and Membership/Special Appropriation program of the agency. Within the existing programs of the budget, the Executive recommendation includes an additional \$20 thousand for Leasehold Community Assistance. The Executive recommendation also supports the agency’s request to move the Civil Legal Services program, Federal Taylor Grazing, Forest Reserve, country supported Medicaid program funding, Tobacco Settlement program funding, and the Crisis Recovery fund transfers to the Dues and Membership program. This move will assist in providing additional clarity for the agency budget and provide a realistic overview of the agency and its operations.

Nonrecurring

The fiscal year 2026 Executive recommendation includes \$316.5 million from the general fund to support 18 nonrecurring items, or ‘special appropriations,’ for the Department of Finance and Administration, to include:

- ◆ \$110 million for the New Mexico Match Fund
- ◆ \$100 million for a new disaster loan recovery fund program, contingent on enactment of legislation

Fiscal Year 2026 Executive Budget Recommendation

- ◆ \$50 million for a housing downpayment assistance program
- ◆ \$50 million for homelessness programs and initiatives
- ◆ \$2 million for housing assistance personnel and programs
- ◆ \$1 million for an audit of the statewide human resources, accounting, and management reporting system
- ◆ \$860 thousand to the Civil Legal Services Fund
- ◆ \$500 thousand for software platforms and system upgrades to streamline statewide operations and enhance the efficiency of statewide service offerings
- ◆ \$500 thousand for litigation expenses
- ◆ \$500 thousand to address a projected shortfall in personal services and employee benefits for the Financial Control Division
- ◆ \$250 thousand for contracts to assist with the planning and implementation of the New Mexico Infrastructure Conference, funding also included in the base for IPD
- ◆ \$200 thousand to provide new furnishings for the basement offices in the Bataan Memorial Building for increased capacity
- ◆ \$200 thousand to contract for services to assist with the Inflation Reduction Act of 2022 tax credit processing and filing
- ◆ \$160 thousand for programming expenses related to administering the General Obligation Bonding program
- ◆ \$100 thousand for operational funding for the Infrastructure, Planning and Development Division
- ◆ \$100 thousand to fund security upgrades in the Bataan Memorial Building
- ◆ \$52 thousand to the State Board of Finance to procure legal services to assist with policy and rulemaking
- ◆ \$40 thousand to the State Board of Finance to procure services to assist with investment policy and transactions

General Services Department (350)

Recurring

For fiscal year 2026, the Executive recommendation includes \$22.6 million in recurring general fund appropriations for the General Services Department, an increase of \$1.3 million, or 6%, over the current year.

	FY24	FY25	FY26 Rec	\$ Change YOY	% Change YOY
General Fund	\$20,107.5	\$21,326.5	\$22,597.1	\$1,270.6	6.0%
Total Funds	\$571,393.1	\$169,092.8	\$204,692.6	\$35,599.8	21.1%

The General Services Department (GSD) provides risk insurance for state and local governmental entities, manages capital projects and state-owned and leased office space on behalf of state government agencies, oversees public contracting for goods and services, and provides transportation services for governmental operations.

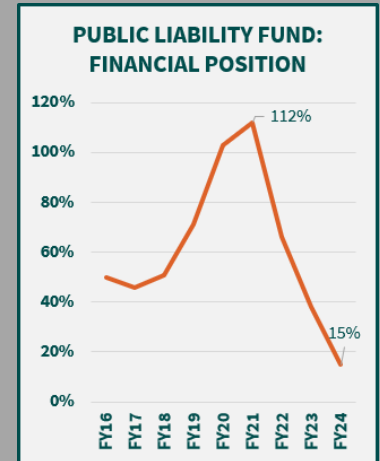
The FY26 Executive recommendation includes a general fund increase of \$1.27 million to support a 10% increase in personnel funding for the Facilities Management Division (FMD) for requisite staffing at new state-owned buildings. As a result of the completion of several capital outlay projects, the number of state-owned buildings has increased from 37 to 42 since the beginning of FY24. To accommodate the need for regular maintenance and custodial services at these new buildings, FMD has increased the number of filled FTE from approximately 130 in FY24 to 150 currently; therefore, in addition to the recommended budget increase for FY26, the Executive also supports an FY25 supplemental appropriation of \$995.9 thousand to shore up a projected shortfall in facilities management personnel funding in the current year.

Nonrecurring

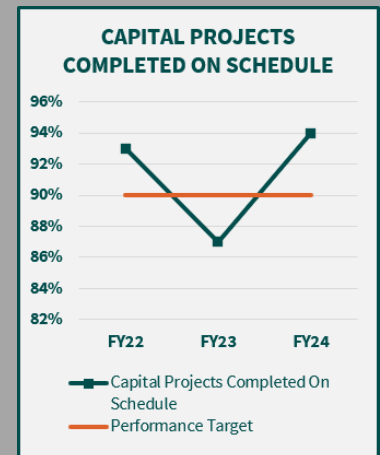
The fiscal year 2026 Executive recommendation includes \$50 million from the general fund and \$6 million from other sources to support three nonrecurring appropriations for the General Services Department.

- ◆ \$44 million from the general fund and \$6 million from other sources for the public liability insurance fund
 - ◆ Premium increases for the public liability fund have not kept pace with rising claims expenditures. Cash reserves have decreased from \$70 million at the close of FY20 to \$20 million to close FY24. Depending on the number and severity of claims over the coming months, the liability fund may not have sufficient assets on hand to pay out all claims expenditures owed by the state in the current fiscal year
- ◆ \$5 million for approximately 80 electric vehicles to replace a portion of the aging vehicles in the state fleet
 - ◆ 327 vehicles (16% of fleet) have over 100 thousand miles. 717 vehicles (35% of fleet) are at least 5 years old
- ◆ \$995.9 thousand for a projected budgetary shortfall for maintenance and custodial staffing at new state-owned buildings

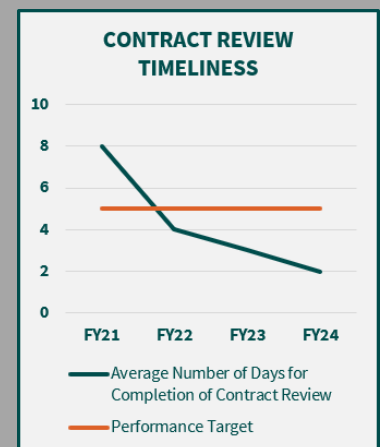
Data Dive



YEAR-END FINANCIAL POSITION OF THE PUBLIC LIABILITY FUND



PERCENT OF CAPITAL PROJECTS COMPLETED ON SCHEDULE



AVERAGE NUMBER OF DAYS FOR COMPLETION OF CONTRACT REVIEW

Department of Information Technology (361)

Recurring

For fiscal year 2026, the Executive recommendation includes \$15.1 million in recurring general fund for the Department of Information Technology (DoIT), an increase of \$5.9 million, or 63.7%, over the current year.

	FY24	FY25	FY26 Rec	\$ Change YOY	% Change YOY
General Fund	\$7,090.4	\$9,283.2	\$15,193.4	\$5,910.2	63.7%
Total Funds	\$86,645.6	\$92,355.5	\$104,095.7	\$11,740.2	12.7%

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

Chapter 115 of Laws 2023 established the Cybersecurity Act, creating the Cybersecurity Office, which is administratively attached to the Department of Information Technology. The Cybersecurity Office is charged with serving as the main governing body for cybersecurity operations within New Mexico, responsible for identifying, detecting, and protecting the state's digital assets, providing effective risk mitigation strategies, and responding to and recovering from cyber threats. The Office of Cybersecurity leveraged the 2023 Capabilities Assessment, completed pursuant to the State and Local Cybersecurity Grant Program, to understand the baseline cybersecurity preparedness and capabilities of entities throughout New Mexico. The assessment included participation from state agencies, K-12 education institutions, higher education institutions, local governments, and tribal agencies.

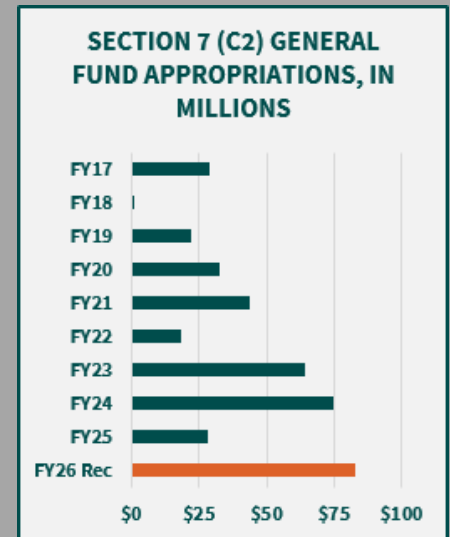
The Executive recommendation provides a \$5.9 million general fund increase in operations for Compliance and Project Management (C&PM), Enterprise Services, Broadband, and Cybersecurity programs. The largest increase is within the Enterprise Services program in the amount of \$2.5 million to cover monthly subscriber fees for public safety radio service for local, county, and Tribal first responders. Within the C&PM program, the Executive recommends \$301.3 thousand to fully fund all current positions, \$50 thousand for emergency incident response, and \$50 thousand for IT software agreements. The Executive also supports the creation of the Office of Geospatial Technology within the C&PM program by recommending a total of \$385.9 thousand to support a new position as the office moves toward establishing a clearinghouse for all geographic information systems statewide and offering technical assistance to state agencies.

Data Dive

INFORMATION TECHNOLOGY PROJECTS (C2)

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

The FY26 C2 executive recommendation includes \$82.7 million from the general fund and \$112.6 million from all funding sources to support 30 projects.



The Executive recommendation provides \$650 thousand to the Broadband Access and Expansion program to maintain basic functions of the office and \$2 million to the Cybersecurity office for statewide cybersecurity initiatives.

Nonrecurring

The fiscal year 2026 Executive recommendation includes \$93.5 million from the general fund to support five nonrecurring items, or ‘special appropriations,’ for the Department of Information Technology, to include:

- ◆ \$70 million for satellite connectivity infrastructure deployment project and other needs of the state’s broadband program
- ◆ \$10 million for Cybersecurity initiatives
- ◆ \$10 million for Next Gen Enterprise Networks Statewide
- ◆ \$2 million for radio subscription subsidies
- ◆ \$1.5 million for Optimal IT performance statewide

Regulation and Licensing Department (420)

Recurring

For fiscal year 2026, the Executive recommendation includes \$22.7 million in recurring general fund for the Regulation and Licensing Department, an increase of \$2.9 million, or 14.9%, over the current year.

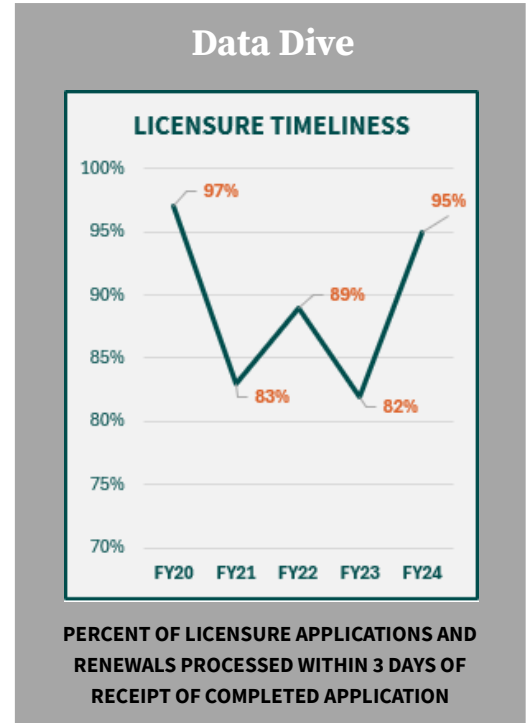
	FY24	FY25	FY26 Rec	\$ Change YOY	% Change YOY
General Fund	\$18,069.5	\$19,779.7	\$22,720.6	\$2,940.9	14.9%
Total Funds	\$51,462.4	\$61,023.9	\$60,674.3	(\$349.6)	(0.6%)

The Regulation and Licensing Department (RLD) administers and enforces the laws, rules, regulations, and codes for construction, manufactured housing, financial institutions, securities, alcohol, and cannabis. The Department also licenses and regulates more than thirty-five different professions and specialized trades. The FY26 Executive recommendation includes a general fund increase of \$2.9 million. The recommendation provides \$1.7 million to support the Cannabis Control Division, to enforce the provisions of the Cannabis Regulation Act throughout the state, including 13 new permanent FTE for this purpose. The recommendation also includes \$1.5 million general fund in the Manufactured Housing Division to support a decrease in available revenue from the Mortgage Regulatory Fund.

Nonrecurring

The fiscal year 2026 Executive recommendation includes \$1.5 million from the general fund to support three nonrecurring items, or ‘special appropriations,’ for the Regulation and Licensing Department, to include:

- ◆ \$465.0 thousand to purchase law enforcement vehicles for 7 special agents in the Cannabis Control Division
- ◆ \$810.0 thousand to purchase equipment and vehicles for the Cannabis Control Division
- ◆ \$191.0 to purchase 4 electric vehicles for the agency



Taxation and Revenue Department (333)

Recurring

For fiscal year 2026, the Executive recommendation includes \$86.2 million in recurring general fund for the Taxation and Revenue Department, an increase of \$2.6 million, or 3.1%, over the current year.

	FY24	FY25	FY26 Rec	\$ Change YOY	% Change YOY
General Fund	\$79,165.9	\$83,613.6	\$86,172.9	\$2,559.3	3.1%
Total Funds	\$126,369.8	\$132,230.8	\$140,629.0	\$8,390.2	6.3%

The Taxation and Revenue Department (TRD) is responsible for the administration and implementation of laws and oversight functions related to taxation, revenue collection, and vehicles.

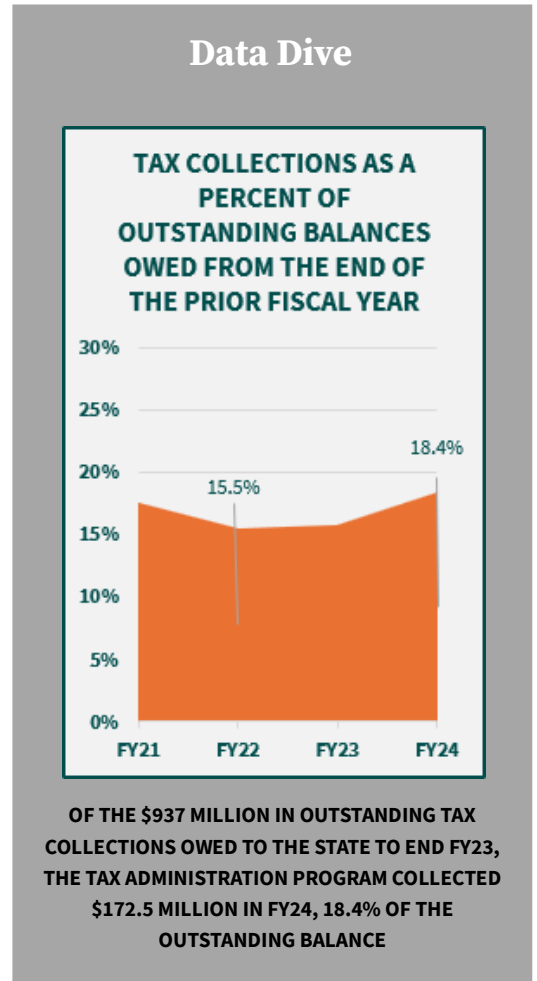
The FY26 Executive recommendation includes a \$2.6 million (3.1%) increase in recurring general fund appropriations for TRD as follows:

- ◆ \$1.1 million in the personnel category for: 1) modest growth in hiring across the agency to bolster auditing activities and continue to improve timeliness in the processing of taxpayer returns/refunds and tax protests; 2) for targeted recruitment and retention actions; and 3) for the employer share of the proposed 10% health insurance increase
- ◆ \$842 thousand in the contractual services category largely for the Fast Collection Services (FCS) software and the Fast Identity Verification Services (FIVS) software. These are two recently implemented programs that improve tax collection efficiency and mitigate tax fraud. With the full implementation of these IT solutions, TRD’s goal is to achieve a 5% increase in the collection of tax liabilities for both current and prior years, a 2% increase in voluntary compliance, a 15% reduction in false positive fraud leads, and a 5% increase in confirmed fraud
- ◆ \$658.4 thousand in the other costs category for a variety of increases across numerous day-to-day operational expenditure accounts, including DoIT and GSD rates, building leases, IT hardware and software licensure agreements, printing and postage, and employee training

Nonrecurring

The fiscal year 2026 Executive recommendation includes \$5 million from the general fund to support two nonrecurring items, or ‘special appropriations,’ for the Taxation and Revenue Department, to include:

- ◆ \$1 million to develop, enhance, and maintain the tax systems of record
- ◆ \$5 million to implement potential changes to the tax and motor vehicle code in the 2025 legislative session, if applicable



Judicial Branch (208-280)

Recurring

For fiscal year 2026, the Executive recommendation includes \$466.9 million in recurring general fund for the Judicial Branch, an increase of \$24.4 million, or 5.5%, over the current year.

	FY24	FY25	FY26 Rec	\$ Change YOY	% Change YOY
General Fund	\$438,463.4	\$442,542.2	\$466,947.5	\$24,405.3	5.5%
Total Funds	\$457,732.9	\$499,085.7	\$513,244.4	\$14,158.7	2.5%

The Executive recommendation is focused on improving public safety and ensuring every branch of the judicial system has the resources to implement programs that reduce crime and enhance community safety. The Executive recommendation supports the mission of the New Mexico Judiciary, which includes 13 district and magistrate courts, the Bernalillo County Metropolitan Court, the New Mexico Compilation Commission, the New Mexico Court of Appeals, the New Mexico Supreme Court, and the Administrative Office of the Courts (AOC). The Executive recommendation includes an average 5.4% general fund increase for the New Mexico Judiciary, which averages to a \$777.7 thousand general fund increase per agency.

The Executive recommendation also recognizes the key role our public attorneys play in keeping our communities safe, from the 14 District Attorney offices across the state who prosecute criminals and work to improve public safety in their communities to the Law Offices of the Public Defender (LOPD), who provide legal representation for indigent parties. The Executive recommendation supports an average increase of 5.4% for the District Attorney offices and the Administrative Office of the District Attorneys, an average of \$412.4 thousand for each agency. Of note, the Executive recommendation supports \$2 million in new general fund for the District Attorney serving Bernalillo County to address the public safety challenges facing the Albuquerque metro area. The Executive recommendation supports \$4.4 million in new general fund dollars, an increase of 5.4%, for the LOPD and provides funding for 8 new FTE to aid in their critical work. Finally, the Executive recommendation includes nearly \$1.6 million in new general fund dollars to bolster efforts to recruit and retain contract attorneys statewide.

For the judicial block overall, the Executive budget recommendation supports 20 new FTEs and includes an average general fund increase of 4.5% (or \$666.8 thousand more per agency) over the prior fiscal year.

For the New Mexico Department of Justice (agency 305, formerly the Attorney General’s office), the Executive recommendation includes an increase of \$850.0 thousand in general fund dollars. This includes a \$500.0 thousand increase to expand capacity to support litigation expenses such as transcription fees, expert witnesses, and discovery costs, and an additional \$207.0 thousand to augment the agency’s personnel costs.

NMDOJ	FY24	FY25	FY26 Rec	\$ Change YOY	% Change YOY
General Fund	\$16,059.1	\$16,991.3	\$17,841.3	\$850.0	5.0%
Total Funds	\$126,850.1	\$53,083.2	\$53,933.2	\$850.0	1.6%

Nonrecurring

The fiscal year 2026 Executive recommendation includes \$14.0 million from the general fund to support nonrecurring items, or ‘special appropriations,’ for fifteen agencies within the Judicial Branch, to include:

- ◆ \$5.4 million for building repairs and security updates at courthouses across the state
- ◆ \$4.5 million for the Organized Crime Commission at the Second Judicial District Attorney’s office
- ◆ \$695 thousand for internet technology-related projects at courthouses across the state

Compensation

Following nearly a decade of mostly stagnant wages for state and public-school employees, the state made considerable investments in compensation increases over the last several years.

- ◆ In FY23, the state appropriated \$140M toward a comprehensive salary alignment for the state workforce, with state employees receiving a minimum 7% compensation increase. New Mexico also allocated \$257 million to support a 7% raise for public-school employees and to elevate the three-tiered teacher salary minimums by \$10 thousand to \$50 thousand for level I, \$60 thousand for level II, and \$70 thousand for level III.
- ◆ In FY24, the state appropriated \$284M for an across-the-board 6% raise for state and public-school employees. New Mexico also allocated \$32M to align the public-school employer health premium contribution rate minimums with those of state employers, reducing the cost of health insurance for educational employees making less than \$60 thousand annually.
- ◆ In FY25, the state appropriated \$174 million for an across-the-board 3% raise for state and public-school employees.

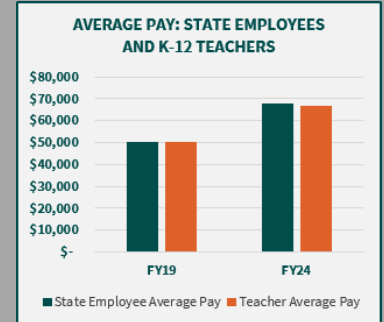
From FY19 to FY24, the average annual salary of state employees grew from approximately \$49,950 to \$67,650, an increase of \$17,700, or 35%. When adjusted for inflation, this amounts to a 10.5% increase in purchasing power. Similarly, the average K-12 teacher salary grew from approximately \$49,770 to \$66,240, an increase of \$16,470, or 33%. This reflects an 8.6% increase in purchasing power when adjusted for inflation.

EXECUTIVE GENERAL FUND COMPENSATION INCREASE RECOMMENDATION, IN THOUSANDS

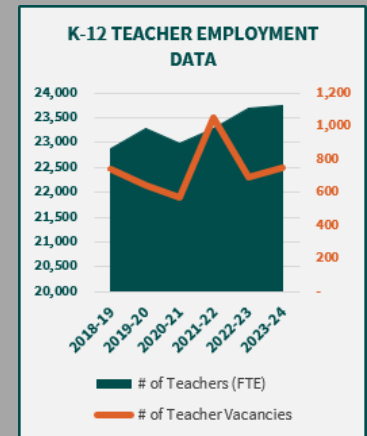
Legislative Branch Agencies	Executive Branch Agencies	Judicial Branch Agencies	K-12 Public Schools	Higher Education Institutions	TOTAL
\$666.6	\$24,836.3	\$9,129.8	\$103,132.8	\$34,234.5	\$172,000.0

The fiscal year 2026 Executive recommendation includes \$172 million from the general fund for statewide compensation increases. Employees of the state’s K-12 public schools and higher education institutions receive a 3% across-the-board raise, while the allocations to state agencies allow for targeted increases to address agency-specific recruitment and retention needs.

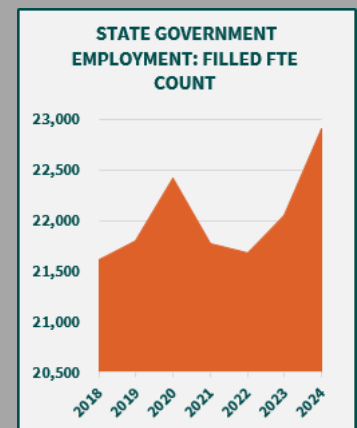
Data Dive



AVERAGE ANNUAL SALARY FOR STATE EMPLOYEES AND K-12 TEACHERS IN NEW MEXICO



K-12 TEACHER EMPLOYMENT DATA: NUMBER OF TEACHERS EMPLOYED (FTE) AND NUMBER OF TEACHING VACANCIES



STATE GOVERNMENT EMPLOYMENT: FILLED FTE AS OF SEPTEMBER 1ST ANNUALLY



New Mexico
**Department of Finance
and Administration**