

LFC Newsletter

A publication of the **Legislative Finance Committee**

Representative Nathan Small, Chairman
Senator George Muñoz, Vice Chairman
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From the Chairman

Yes, She Did

Passionate. Resilient. Brave. Revolutionary. Authentic.

There is no one word that adequately describes the power that was Dolores Huerta. Huerta was born in the Northern New Mexico town of Dawson, at the time a thriving mining hub known for its close-knit, multi-ethnic community. While very young, she moved with her family to California and it was there that she became a teacher and was so moved by the poverty of the migrant students in her classroom, that she went to work to improve their lives and to change the working conditions of their mothers and fathers.

As co-founder of the United Farm Workers, Huerta helped Americans see the invisible workers who put food on their tables, to hear their voices, to care about their lives.

By organizing the workers and rallying students, civil rights groups, church organizations, and everyday consumers to their cause, she changed lives. She understood the collective power of the people.

"Si, se puede." Yes, we can, when ordinary people work together to change the world. Those words, in Spanish and English, continue to inspire.

"We" is at the heart of change. Without the collective that is foundational to the labor movement, we would still have children working in factories, unsafe conditions, limitless work hours. We would not have fair wage laws, employer-sponsored healthcare, or medical leave.

The underlying principles that motivated Dolores Huerta are as relevant today as they were in the fields of California 60 years ago: The people have a right to be heard.

As we make budget and policy decisions that will impact the people of our state, we should call to mind Dolores's legacy. New Mexicans deserve to have their voices heard and to be treated with dignity and fairness.

We welcome and appreciate everyone who takes the time to engage with and participate in our legislative process. Our Roundhouse belongs to the people.

Si, se puede.

Representative Nathan Small
Chairman

Healthcare Options Could Cut New Mexico Costs

State-funded healthcare has become more expensive over the last few years—with Medicaid cost per member up 68 percent over the last four years, public school and state employee claims per member up about 25 percent over three years, and the costs of plans on the healthcare exchange up 15 to 30 percent in the last year alone—but LFC staff analysis indicates the state has some options for cutting costs.

In a presentation prepared for a hearing on healthcare options scheduled for 8:30 a.m. November 19, staff note, as the payer for about half of the state's population, state government is absorbing most of the increases in healthcare costs for New Mexicans.

In addition, state efforts to make healthcare more accessible have added to the state's growing costs. The state has committed $190 million a year to subsidize health insurance plans obtained through the healthcare insurance exchange, $185 million a year to increase the rates paid to providers for Medicaid patients, and $157 million a year to increase the employer share of healthcare premiums for school and state employees.

The Legislature has also mandated coverage for some services, such as breast exams and autism, adding $35 million to state healthcare costs.

However, multiple studies on New Mexico healthcare by LFC and the Legislative Health and Human Services Committee, as well as programs being tried in other states, suggest that state could save money by consolidating pharmacy benefits and coverage plans when the Albuquerque Public Schools, which has always managed its own insurance, is added to the Public Schools Insurance Authority, which insures all other public schools and some colleges, in 2028. That merger is expected to save the state between $10 million and $36 million a year.

Other first-year steps that could potentially save the state, and New Mexico taxpayers, money include better monitoring of health cost data, standardizing coverage across plans, and expanding primary care access through federally qualified health centers and possibly through partnership with the University of New Mexico Medical School.

In later years, the state could save money by merging the state employee, public school, and local government employee insurance pools and reserving the state's highest subsidies, including the public employer share of insurance premiums and the healthcare exchange premium subsidies, for lower cost plans.

Business Incentive Benefits Unclear

New Mexico commits hundreds of millions of dollars to encourage businesses to locate or expand in the state, but the programs are not coordinated and the benefits are unclear, LFC evaluators indicate.

In a policy spotlight scheduled to be presented to the committee at 8:30 a.m. November 16, staff finds the state "spent" more than $725 million on business incentives in the 2024-2025 fiscal year, most of which was forgone revenue from state tax breaks and industrial revenue bonds (IRBs) issued by local government, which exempt certain developments from property and gross receipts taxes.

The state also provided about $8 million in grants to businesses to reimburse them for on-the-job training under the Job Training Incentive Program (JTIP), $27 million for infrastructure available through the Local Economic Development Act (LEDA) program, and $64 million through other Economic Development Department programs.

While the economic development goals of the different programs are similar, the programs use different criteria and separate approval processes and coordination is limited, the report says.

Similarly, the programs do not use consistent criteria or routinely calculate public benefit, often failing to report the cost per job created or all the support the project or business is receiving. For example, a project could be credited with creating twice as many jobs if it is in two programs.

However, the report notes, while businesses can combine incentives, most don't. Only 16 percent of 647 businesses receiving JTIP, LEDA, or IRBs tapped two or more programs.

Heavy Rains Alleviate NM Drought Status

The extreme El Niño-influenced rainfall in parts of New Mexico over the last two months has significantly changed the drought picture for the state, according to U.S. Drought Monitor maps.

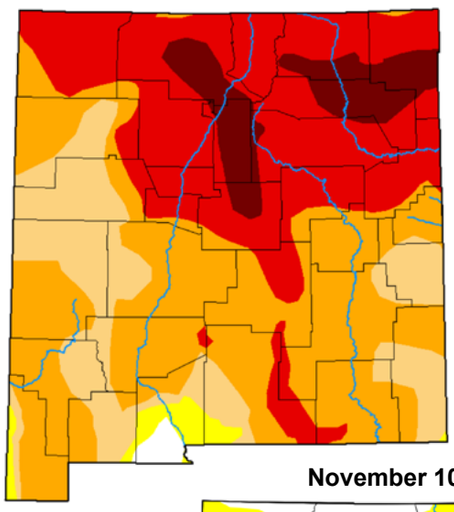
While the September 8 map showed areas of the state in exceptional drought and more than a third of the state in extreme drought—the two highest drought levels—the November 10 map showed no areas in those categories.

The Drought Monitor reports Navajo Reservoir near Farmington gained 600 thousand acre of water between mid-September and November 10 and is now at 110 percent of average storage for this time of year. September news reports said the state had received the second highest volume of rainfall of any state—1.5 trillion gallons—during the second week of the month.

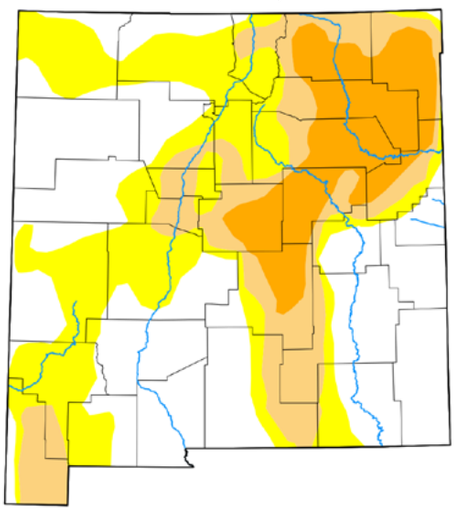
Because of flooding from the extraordinary rain fall, the governor has asked the federal government to declare a major disaster for parts of northern New Mexico.

Drought Status

September 8, 2026



November 10, 2026



None
Abnormally Dry
Moderate Drought
Severe Drought
Extreme Drought
Exceptional Drought
No Data

Source: U.S. Drought Manager

The Drought Monitor has an interactive website that allows users to view drought over time here: https://droughtmonitor.unl.edu/Maps/ComparisonSlider.aspx

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On the Table

$126M in Capital Outlay Subject to Freeze

The Department of Finance and Administration has identified 360 capital outlay projects with 2027 reversion dates—a total of $126 million in appropriations—as at risk of being frozen or ineligible for reauthorization on January 1 because of inactivity. Under a 2026 law, projects that have not spent or committed any of their original appropriation within six month of the expiration date can be frozen and the money repurposed by the Legislature. DFA plans to update the list every two weeks and reach out to those who stay on it.

Heavy Rainfall Cancels Train

The Cumbres and Toltec Scenic Railroad canceled all trains for the last three days of operation in October due to rainfall-related bank erosion under the first trestle past the Chama depot, making travel on the track unsafe. The railroad is trying to initiate repairs immediately to allow trains to travel to Antonito during the off season for maintenance and inspection.

Teacher Vacancies Down

New Mexico teacher vacancies dropped to 403 positions in 2026, down from 604 posted last year, according to the Southwest Outreach Academic Research Evaluation and Policy Center at New Mexico State University. Schools sought candidates for a total of 867 jobs, and the 305 of educational assistants needed, usually one of the most in-demand jobs, was up from 289 in 2025. Education preparation programs, both traditional four-year bachelor programs and alternative programs for those with other higher education degrees, admitted 2,000 candidates, essentially flat with last year, and graduated 1,262, a 9.5 percent increase.

Lottery Revenue Lower Than Expected

Lottery revenue for the lottery scholarship fund is expected to come in about $5 million short of budget assumptions. The Lottery Authority reports receiving $10.2 million through the first quarter of FY26, on pace to deliver $40.8 million to the lottery scholarship fund. The higher education budget assumed receiving $45 million.

Companies Win $733K Without Competition

The Health Care Authority has entered a six-month $345 thousand contract for a Medicaid advisor through a non-competitive process. The authority has agreed to pay ATA Services, which has a price agreement with the state, almost $320 an hour for 1,000 hours of services, along with an additional "professional 15 percent" over costs. However, ATA, an employment agency, is paying Acovia Advisors, which will hire the actual advisor.

Meanwhile, the Children, Youth and Families Department issued a "sole source" noncompetitive contract for $388 thousand with Evident Change to finalize implementation of the structured decision-making tool for foster care intake assessments. The department contends a sole source approach was appropriate because Evident Change is already working with the department and created the tool.

Construction Behind New Jobs

Construction drove an 8,200 job increase in New Mexico in the quarter that ended September 30, for a total of 904.3 thousand jobs, about 1 percent more than a year ago. The growth in construction was offset from modest losses in retail trade and private educational services. New Mexico's three-month job growth ranked second among the states, just behind 1.3 percent growth in South Carolina.

Transitions

Dr. Steve McLaughlin, an emergency physician and former chief medical officer and chair of the Department of Emergency Medicine, has been named the next CEO of the University of New Mexico Hospital and vice president of Clinical Affairs. He will become the first physician to lead the hospital.