

The New Mexico State Budget

Working for Families and
Communities



Budget Overview:

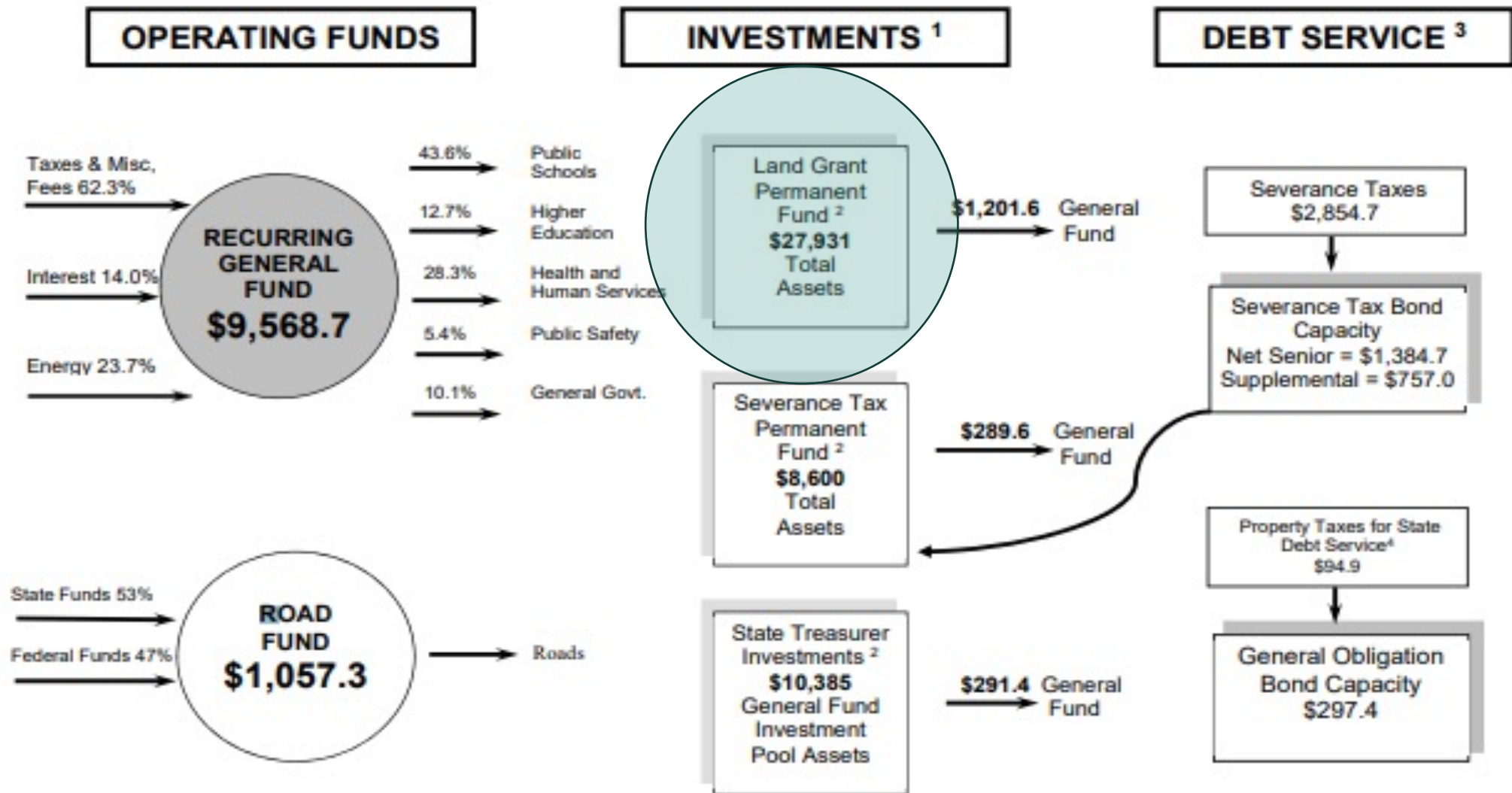
A review of New Mexico's Unique Budget Process

New Mexico Finances

- The New Mexico General Fund has grown significantly in recent years.
- The State's recurring operating budget is now at \$10.2 billion dollars. For context, in 2019 the recurring operating budget was just \$6.8 billion.
- The Legislature also appropriates "one time money" for special projects, statewide infrastructure, and individual member allocations.
- A large portion of state revenue comes from oil and gas royalties, including most of the funding for local infrastructure.
- Oil and gas revenue relies on a boom-and-bust economy, leading to instability in the state's budget.
- However, the Legislature has taken steps to become less reliant on oil and gas revenue, which has led to more budget stability in recent years.

OVERVIEW OF NEW MEXICO FINANCES: FY24 OPERATING BUDGET

(in millions of dollars)



1 Investments exclude retirement funds
2 As of November 2023 for state treasurer; as of September 2023 for LGPF and STPF. Excludes federal relief funds
3 Includes only state debt service
4 GO bonds are issued every other year

The Land Grant Permanent Fund

- New Mexico has several permanent funds, the oldest and largest being the Land Grant Permanent Fund
- The Land Grant Permanent Fund is valued at \$27.9 billion, making it one of the largest sovereign funds in the world.
- The money in the fund is earmarked for purposes such as schools, public universities, and now early childhood education
- The fund is constitutionally protected.

Budget Process

- New Mexico is one of the only states in the U.S. that has a dual budgeting process
- A consensus group of economists decide what the budget projection will be during the fall.
- Both the Legislature and Governor publish a budget recommendation in December.
- Law makers typically start with the Legislative Recommendation as a base line, then make adjustments based on the governor's and individual member priorities.
- All changes to the budget occur during session, which is either 30 or 60 days.
- New Mexico must have a balanced budget according to the state constitution.

Other Funding

- GRO– or Government Results Opportunity
 - In years where there is a windfall of new revenue, each member is allocated general fund revenue to spend for projects they are interested in
 - This is a great revenue source for community organizations, non-profit service providers, and other entities that need state support on a smaller scale.
 - Some examples from this year include funding for: local domestic violence shelters, homelessness initiatives, scholarship opportunities, and bilingual education.
 - This year for the first time, every member project was included in the full budget (House Bill 2)
- Capital Outlay
 - Individual legislators also typically receive funds for infrastructure projects, called capital outlay. This can be used for anything from improving community parks to funding critical water infrastructure.

How the Budget Works for New Mexico Families and Communities

Career Technical
Education



Early Childhood Care &
Education



Accessible Health Care



K-12th Grade Education



Higher Education





Workforce Training and Career Technical Education

- The Legislature has targeted historic sums of new money towards creating and sustaining diverse workforce opportunities
- Over \$40 million for Career technical Education (CTE) at schools, funding classes on welding, agriculture, healthcare, and more
- The Creation and Funding of the Apprenticeship Fund
 - \$30 million to create a stable source of revenue for trade apprenticeships leading to well paying jobs critically needed in the state.
- \$20 million to the Higher Education Department for workforce training, apprenticeships, or industry recognized certificates or endorsements not tied to federal funding or guidelines.



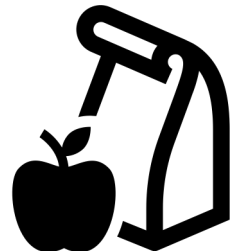
Early Childhood Education and Care

- After a 12-year fight from advocates, policy experts, and legislators New Mexico has become a national model for state-investment into early childhood programs
- In 2019 the state created the Early Childhood Education and Care department to oversee a continuum of early childhood services from home visiting to childcare
- In 2020, the Legislature created the Early Childhood Trust Fund to help fund these programs. The fund was seeded with \$300 million and has now grown to **over \$5.5 billion**
- In 2022, New Mexicans voted to amend the constitution to use the Land Grant Permanent Fund to support Early Childhood education in perpetuity,
- This brings the budget investment to our children and families to almost **a billion dollars annually**



Accessible Healthcare and Human Services

- The Legislature Invested nearly half a billion dollars in state general fund revenue to create the Healthcare Authority Department
 - Expanded Supplemental Nutrition Assistance Program (SNAP) benefits
 - Increased provider rates to recruit and retain healthcare workers, especially behavioral health workers
 - Created a division to help negotiate the best public and private insurance rates for New Mexicans
 - Increased support and services for Veterans
 - Funds elder care services including meal delivery, community care, and outreach
- In 2021, the Legislature created the Landmark Health Care Affordability Fund. Using a surcharge on insurance companies, the fund:
 - Provides Healthcare to those not eligible for typical plans
 - Reduces individual out-of-pocket expenses
 - Decreases premiums for small businesses



K-12

Education

- New Mexico is one of the only states **that fully funds education at the state level**. That means **there is no funding difference based on how wealthy a community is**.
- Kindergarten through 12th grade education is one of the largest areas of investment in recent years: The K-12 budget for the state is **\$4.4 billion, or 40 percent of the budget**.
- Last year, the Legislature appropriated \$30 million to ensure that every New Mexico student received free lunch. This year, the budget increased funding to that program by another \$40 million.
- Other investments in our students include:
 - \$6 million in additional funding for Special Education
 - Funding for innovative education including community schools,, out of school learning, and outdoor classrooms.
 - \$30 million for Summer reading programs
 - \$3 million for targeted education, including funds targeted towards black education, and well as support for the Indian and Hispanic Education Acts.



K-12 Education- Continued

- The Legislature has consistently increased teacher salaries, raising New Mexico teacher pay to the highest in the tri-state region.
 - \$20 million for teacher residencies to grow our own teachers
 - \$2.5 million for training opportunities in reading comprehension instruction.
 - \$20 million in endowments at higher education institutions to support teaching programs.



Higher Education

In 2022, the Legislature funded the Opportunity Scholarship program, which covers all tuition for New Mexico students.

- New Mexico was the first in the nation to enact **free higher education for all New Mexico residents**.
- Enables students to return to school
- The Legislature appropriated almost **\$1 billion** to a higher education trust fund to ensure this program is funded well into the future.
- Other Investments include:
 - \$40 million for social work endowments and stipends
 - \$10 million in nursing endowments
 - \$15 million for healthcare professional loan repayment programs
 - \$10 million for graduate student scholarships
 - \$1 million for dual-credit
 - \$10 million for the technology enhancement fund to support entrepreneurs

Other Resources

New Mexico Voices for Children budget Guide:

<https://www.nmvoices.org/archives/13692>

Legislative Finance Committee Policy Document:

https://www.nmlegis.gov/Entity/LFC/Documents/Session_Publications/Budget_Recommendations/FY25%20Volume%201%20Policy%20and%20Performance.pdf

Legislative Finance Committee Charts and Graphs:

https://www.nmlegis.gov/Entity/LFC/Documents/Session_Publications/Budget_Recommendations/FY25%20Volume%203%20Tables%20and%20Graphs.pdf

Thank you!

Any questions?

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