



Office of the Governor

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## **Governor enacts state budget**

SANTA FE – Gov. Michelle Lujan Grisham on Friday morning signed the New Mexico state budget for Fiscal Year 2022, a \$7.4 billion package overwhelmingly approved by the state Legislature that sustains and enhances key state investments in public education, early childhood well-being, economic development and pandemic relief, behavioral health and infrastructure.

The budget for the year beginning July 1, 2021, maintains 24 percent of recurring expenditures in reserves, or \$1.7 billion, and 1.5 percent raises for public school and higher education personnel, as well as state employees and front-line health and social service workers.

After a year of fiscal uncertainty and upheaval driven by the COVID-19 pandemic, budgets for state agencies as provided for by the appropriate branch were generally flat with targeted increases for agencies covering health, education and early childhood well-being. Spending will increase 5 percent over the amended Fiscal Year 2021 budget, with 36 percent of new General Fund spending going to education initiatives.

“This budget is responsible and responsive to the needs of New Mexicans right now and in the future,” said Gov. Lujan Grisham. “This legislative season has been a remarkable success for New Mexicans in every corner of our state – with almost a billion dollars in new targeted pandemic relief for businesses and workers and more, with groundbreaking new initiatives in economic development and health care and environmental protection, and with, finally, a solid and sustainable budget that maintains and increases funding for key programs that benefit children and families and

workers while ensuring our reserves remain robust and healthy. I want to thank the Legislature and Department of Finance and Administration staff for their diligent work throughout this budget process.”

Other highlights include:

- \$30.7 million increase to the Human Services Department to expand mental health and substance use disorder services
- \$17.5 million increase for projects funded through the Local Economic Development Act
- \$12 million in additional funding for the Opportunity Scholarship and Lottery Scholarship
- \$17 million to restore and revitalize the state’s all-important tourism economic sector as New Mexico works toward the end of the COVID-19 pandemic
- \$300 million for roadway infrastructure and improvements

The final budget approved by the Legislature during the 60-day session is larger than the [governor’s executive budget recommendation](#) with slightly smaller reserves.

The governor on Friday also signed legislation dealing with capital appropriations, reauthorization of prior appropriations and special General Fund appropriations (House Bill 285, House Bill 296 and Senate Bill 377, respectively).

House Bill 285 – the capital bill – funds more than \$511 million in projects all across New Mexico. A total of \$170 million in state agency capital projects are funded, including \$10 million for statewide improvements at correctional and health facilities and \$12.5 million for Local Economic Development Act projects. The bill also funds more than \$52 million for tribal projects, almost \$48 million for public safety projects, \$61 million for water and wastewater projects, roughly \$49 million for higher education institutions, about \$34 million for public schools, \$53 million for road projects and more than \$8 million for acequias, ditches and dams.

The governor has line-item veto authority over capital expenditures; in House Bill 285, the governor vetoed less than 2 percent of the capital outlay allocations, excising projects that lacked proper planning or were not ready to proceed, projects where the proposed recipients have not used capital funds from the current fiscal year, and allocations smaller than \$10,000, as capital funds should be targeted toward well-considered and more significant infrastructure projects and not relatively small pork items.

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