

The negative performance of multiple of the Environment Department’s (NMED) programs has persisted through three quarters of the fiscal year. Additionally, the performance measure tracking what percent of the state’s population is being served safe and health drinking water plummeted from 91 percent in the first quarter to 67.4 percent in the third. While the department notes this is due predominantly to a backlog of violations it is sorting through, it nonetheless is a data point to be closely monitored. The significant investment by the Legislature to address NMED’s staffing and retention issues has reversed some of the agency’s lingering issues, but the agency has an estimated 230 vacant FTE and up to \$5.4 million in vacancy savings, indicating the agency has significant room to grow and utilize expanded funding. Collaboration among LFC, the Department of Finance and Administration, and NMED was needed to address the agency’s decision to cancel food inspections due to budget misalignment. Entering the final quarter of the fiscal year, and with an eye toward FY27, NMED needs to look at not only improving its performance but also effectively administering the significant recurring and nonrecurring funding the Legislature has invested in the agency.

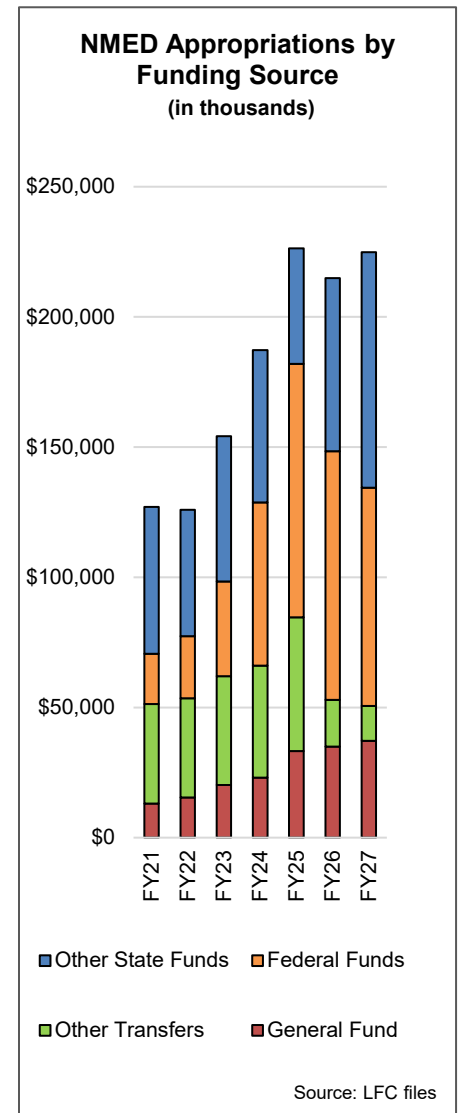
Water Protection

Amendments to the state Water Quality Act enacted in 2025 granted primacy to NMED to administer a National Pollutant Discharge Elimination System program, in effect moving control of all discharge into the state’s surface water and groundwater from the federal government to the state’s water quality agency. Creation and implementation are underway and will continue to take shape, pending approval of a permitting program from the Water Quality Control Commission. The Water Protection Division (WPD) continues to assist communities seeking to develop internal capacity to use state and federal funding for infrastructure improvement and water resource management.

In the third quarter of FY26, the program’s Surface Water Protection Bureau inspected five of the 20 annual required inspections, resulting in a 25 percent inspection rate. The program has already exceeded its FY26 target and has more inspections slated for the final quarter of the year. The Groundwater Quality Bureau inspected 39 permits, or roughly 5.6 percent of its FY26 target, the same amount it inspected in the second quarter. Due to this, the bureau is set to miss its groundwater inspection target for FY26. The bureau attributes this to a mixture of vacant inspector positions, the multiple tasks inspectors carry out, and the prioritization of new permit inspections versus working through backlogs. The percentage of the state’s population served safe and healthy drinking water increased from 57.8 percent for the second quarter to 67.4 percent in the third. The bureau notes the increase is due to the clearing through of the backlog of water protection violations. The measure is subject to the amount of water protection violations the bureau submits and the bureau noted it had submitted a significant amount in the second quarter and has submitted more in the third. Due to the volatility of the measure, and its sensitivity to fluctuations from administrative backlogs and individual violations, updating the accuracy of the measure and potentially creating a new, more accurate one could provide policy

ACTION PLAN

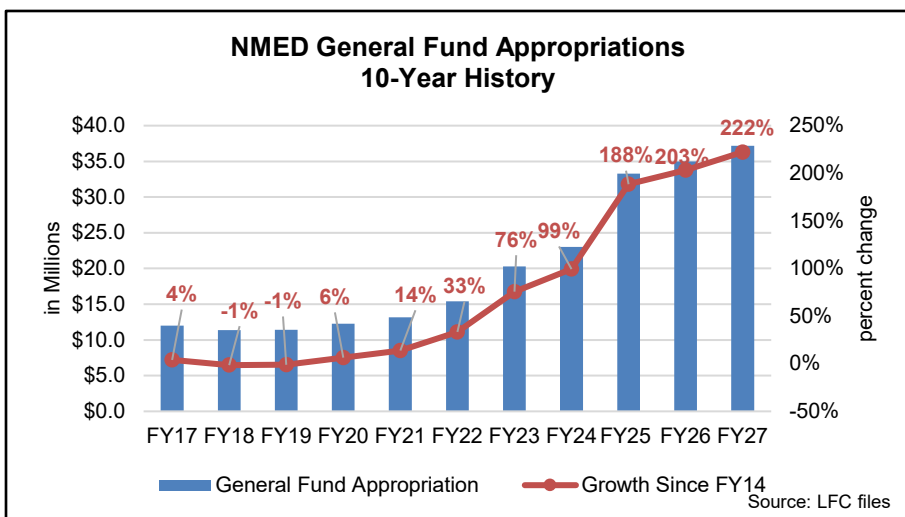
Submitted by agency?	Yes
Timeline assigned?	Yes
Responsibility assigned?	Yes



makers and the public with clearer information about the quality of the state’s water. The Construction Program’s Bureau initiated 107 new water infrastructure projects, totaling roughly \$117.8 million, and is on pace to exceed its FY26 target.

Budget: \$62,511.4 **FTE:** 191.3

	FY24 Actual	FY25 Actual	FY26 Target	FY26 Q1	FY26 Q2	FY26 Q3	Rating
Percent of the population served safe and healthy drinking water	89.5%	94.7%	98%	91%	57.8%	67.4%	R
Percent of surface water permittees inspected	100%	40%	100%	50%	35%	25%	G
Percent of groundwater permittees inspected	30.6%	9.2%	65%	6.7%	5.7%	5.6%	R
Number of new water infrastructure projects	175	148	115	39	107	44	G
Program Rating	G	Y					Y



Resource Protection

The Resource Protection Division (RPD) has continued to be far behind its target for all three of its performance measures in all three quarters of the year. RPD historically has issues with recruitment and retention, specifically its Solid and Hazardous Waste bureaus, resulting in persistent low ratings.

In the third quarter of FY26 the Petroleum Storage Tank Bureau (PSTB) issued no further action (NFA) status for five sites. NFA status signifies compliance with remediation standards, assuring no significant risk of harm to public health or

the environment at the site. Notably, NFA status determinations are fluid throughout the year, based on specific site conditions, staffing levels, and the availability of funding from the corrective action fund. PSTB noted \$3.5 million of proposed work is pending approval.

The Hazardous Waste Bureau (HWB) monitors 2,557 hazardous waste generators in the state, though this number changes frequently. HWB has up to four positions focused on compliance, and the positions are each slated to inspect 350 facilities in FY26. This is two fewer personnel than in FY24. The relatively few personnel inspecting facilities resulted in the bureau only inspecting 1.2 percent of the hazardous waste sites in the state in the third quarter of FY26. The program will more than likely not meet its FY26 target. Multiple years of consistent low performance, unique among all of the natural resource agencies, should be met with concern and therefore evaluated to see if New Mexico can utilize new practices to monitor its hazardous waste facilities.

Budget: \$18,653.4 **FTE:** 143.3

	FY24 Actual	FY25 Actual	FY26 Target	FY26 Q1	FY26 Q2	FY26 Q3	Rating
Number of completed cleanups of petroleum storage tank release sites that require no further action	2,041	972	2,050	9	0	5	R
Percent of solid waste facilities and infectious waste management facilities inspected	98.8%	34.8%	95%	13%	22.2%	26.7%	R

Budget: \$18,653.4 FTE: 143.3

	FY24 Actual	FY25 Actual	FY26 Target	FY26 Q1	FY26 Q2	FY26 Q3	Rating
Percent of hazardous waste facilities inspected	3.7%	.5%	12.5%	1.1%	1.3%	1.2%	R
Program Rating	R	R					R

Environmental Protection

While inspections are valuable for determining whether regulated entities comply with applicable laws, rules, or permits, NMED’s regulatory compliance programs continually struggle to meet targets for the percentage of applicable entities inspected. NMED notes these consistent issues have been improved through record investment from the Legislature over the past several years, and efforts by the agency to streamline its organizational structure.

The Air Quality Bureau (AQB) noted in the third quarter of FY26 that 95.6 percent of the state’s population was breathing air meeting federal health standards, though this is without Bernalillo County, due to it monitoring its own air quality and is separate from the reporting AQB does. The bureau noted there were four days where monitoring noted fine particulate matter, resulting in the slight reduction. The state has 20 air monitoring stations, with the majority surrounding Las Cruces and others scattered around the state. The bureau is on track to meet its performance target for inspection of ionizing and non-ionizing radiation sources (x-ray machines and x-ray producing machines), inspecting a total of 14.3 of the 20 percent FY26 target. The bureau noted its high inspection percentage for air emitting sources was due to a large portion of its backlog of sourced permits being worked through.

Budget: \$18,320.1 FTE: 121.8

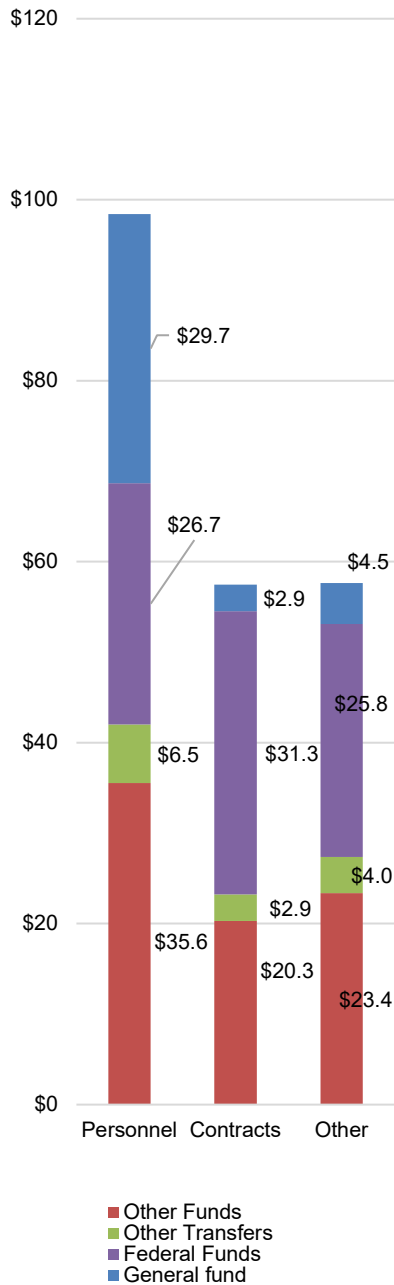
	FY24 Actual	FY25 Actual	FY26 Target	FY26 Q1	FY26 Q2	FY26 Q3	Rating
Percent of ionizing and non-ionizing radiation sources inspected	16.8%	1.9%	20%	8.8%	2.8%	2.7%	Y
Percent of air emitting sources inspected	32.2%	8.5%	32%	110%	40%	290%	G
Percent of the population breathing air meeting federal health standards	99.9%	78.3%	99%	86.6%	100%	95.6%	G
Program Rating	Y	Y					G

Environmental Health

The Occupational Health and Safety Bureau, within the Environmental Health Division (EHD), conducts hundreds of inspections annually and targets workplaces with the greatest expectations of noncompliance to reduce illness, injuries, and fatalities. The bureau, which inspects approximately 1 percent of all workplaces each year, found 43.2 percent of employers did not meet occupational health and safety requirement for at least one standard in the third quarter, below its FY26 target for the first time this year.

Under state statute and regulation, each restaurant and food manufacturer in the state should be inspected once per year. However, the same inspectors cover

Portion of FY27 Budget Categories by Revenue Type
(in millions)



Source: LFC files

restaurants, food manufacturers, pools, and spas. In late April, the Environment Department stopped food inspections due to a budget misalignment of around \$600 thousand. After meetings with DFA, LFC, and the Environment Department, staff have identified existing resources that can be used for their Food Safety Bureau, and food inspections will continue. Using the tools outlined to NMED by DFA and LFC, the bureau will be able to cover its operation costs for the remaining two months of the fiscal year. NMED has agreed to utilize the solution.

Bureau staff currently have a compliance and enforcement workload of approximately 313 facilities per inspector, at the high end of the federally recommended range of 280-300 retail inspections per inspector—a narrower role than EHB’s. The bureau conducted 1,398 inspections in the third quarter of the year, a number it has consistently hit each quarter, but is still behind its goal of averaging 1,950.

Budget: \$16,219.3 **FTE:** 156

	FY24 actual	FY25 Actual	FY26 Target	FY26 Q1	FY26 Q2	FY26 Q3	Rating
Number of employers that did not meet occupational health and safety requirements for at least one standard compared with the total number of employers	67.1%	60.5%	55%	73.6%	85.2%	43.2%	Y
Percent of restaurants and food manufacturers inspected	80.5%	21.3%	90%	86.7%	81.6%	77%	Y
Percent of new or modified liquid waste systems inspected	91%	53.2%	89%	50.9%	54.4%	50.9%	R
Program Rating	Y	Y					R