



20 26 | NEW MEXICO LEGISLATORS RETREAT

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INTRODUCTION

Early childhood education, educator workforce development, emerging technology, career pathways, and school finance are among the most consequential and interconnected areas of education policy facing states today. Decisions made in each of these areas shape not only individual student outcomes but also the long-term economic and social conditions of communities across New Mexico.

New Mexico has made substantial investments in each of these areas in recent years, supported in part by the stability of the [Land Grant Permanent Fund](#) and a series of significant legislative actions. At the same time, persistent challenges around geographic access, workforce supply, and equitable implementation remain, particularly for rural, Tribal, and low-income communities whose circumstances do not always align with programs designed at the state level. Understanding where advancements have been made, where gaps remain, and what research and experience from other states suggest are all important inputs for informed policymaking.

FROM ASSISTANCE TO UNIVERSAL ACCESS: NEW MEXICO'S CHILD CARE SYSTEM IN TRANSITION

Early care and learning play a key role in children's development, parental workforce participation, and the state's economic productivity. Research shows that the experiences children have early in life, including safe and supportive environments and stable relationships with adults, are crucial for [brain development](#). Child care helps working parents stay employed and supports the economic security of families. Reliable child care can help workers avoid disruptions that lead to [costly productivity losses](#) for employers and the state.

New Mexico is home to over [137,000](#) children aged five and younger, and approximately [60 percent](#) of these children have all parents working. Consequently, nearly 83,000 children need care

across a range of public and private early childhood programs, including Early Head Start, Head Start, Family Child Care (FCC) programs, and center-based care. Despite the state's extensive investments, child care in New Mexico has historically been [expensive](#) and inaccessible for many families. In 2025, a two-income family spent about [14 percent](#) of their income on center-based infant care, and a single-income family spent almost [44 percent](#), far exceeding the federal affordability benchmark of [seven percent](#) of family income.

Universal Child Care

On November 1, 2025, New Mexico became the first state in the nation to offer no-cost [Universal Child Care \(UCC\)](#), removing all income limits from its Child Care Assistance program. Families who are working or attending school, regardless of income, now qualify for free, licensed child care with no co-pays or fees. The program is projected to serve approximately 44,000 children in fiscal year 2026-2027. The state's [Early Childhood Education and Care Fund](#), together with the [Land Grant Permanent Fund](#), provides a [stable, long-term funding base](#) for early childhood programs.

On March 10, 2026, Governor Michelle Lujan Grisham signed [Senate Bill 241](#), the Universal Child Care Act, into law, codifying the program in statute and establishing dedicated funding. The law authorizes the legislature to appropriate up to \$700 million between 2026 and 2031 from the Early Childhood Education and Care Fund, and includes fiscal safeguards: should oil prices decline or inflation increase, co-pays may be introduced for families earning above 600 percent of the [federal poverty level](#) (FPL), which is \$198,000 annually for a family of four. New Mexico's FY 2027 budget includes a \$160 million increase for child care assistance, for a total child care budget of \$606 million. [Senate Bill 96](#), the Regulated Child Care Zoning Requirements Act, was signed alongside SB 241, and removes local zoning and homeowners' association restrictions that previously blocked child care facilities from opening in residential areas, expanding the potential supply of care statewide.

Early Enrollment and Outcomes

In January 2026, New Mexico’s Early Childhood Education and Care Department (ECECD) produced a [brief](#) on the first few months of implementation. Over 44 percent of newly enrolled families had incomes below the previous 400 percent FPL cap, showing the expansion is reaching lower- and middle-income families as well as higher earners. The share of infants and toddlers receiving assistance rose from 29 percent to 39 percent of all children served, reflecting increased support for the state’s youngest children.

Research by the [University of New Mexico Cradle to Career Policy Institute \(CCPI\)](#) found that families who received sustained child care assistance experienced enhanced economic stability, demonstrating that families of young children were able to work more and save money while their child received subsidized care. A [2025 CCPI study](#) confirmed that New Mexico’s child care workforce grew by 64 percent between 2019 and 2024, the fourth-highest rate in the nation, while wages rose by 65 percent over the same period, the steepest increase nationally. These workforce gains reflect the state’s sustained investment in professionalizing the field.

Capacity Gaps: Where “Universal” Meets Reality

Despite the historic scope of universal child care, a critical gap remains between the promise of universal access and practical reality: there are simply not enough providers, particularly for infants and toddlers and in rural and Tribal areas. A June 2025 [gap analysis](#) commissioned by the ECECD identified a statewide shortfall of nearly 14,000 child care slots, with the most significant gaps in Lea, Eddy, Santa Fe, Sandoval, and Bernalillo counties. Using the [Child Care Gaps Assessment](#) tool, created by the Buffett Early Childhood Institute with Child Care Aware of America and the Bipartisan Policy Center, shows estimated child care gaps and their economic impact down to the

congressional district and county levels. According to the New Mexico profile in this tool, San Juan and Doña Ana counties also show significant gaps.

Home-based child care, often representing the most accessible option in rural and Tribal communities, has experienced a steep decline. While overall licensed child care capacity has grown by nearly 20 percent since 2019, this growth has not compensated for the loss of home-based care outside urban centers. The number of registered home-based providers fell from 4,840 in 2010 to just 821 in 2025, representing an [83 percent](#) reduction. The state is [making inroads](#) to increase supply, aiming to recruit 1,000 registered home providers and 120 licensed homes. Using low-interest loans and partnering with business leaders, the ECECD also aims to license 55 more care centers. To address these gaps, the ECECD has established a \$12 million [Child Care Facility Revolving Loan Fund](#) providing low-interest loans for providers to build or expand facilities. Since the start of UCC, the state has received 144 applications for new care providers.

Rural and Tribal Access

Expanding access in rural and Tribal communities is among the most significant equity challenge facing universal child care. Rural counties already face severe provider shortages, and almost no licensed infant care exists in many of these areas. For Tribal communities, universal child care presents both an opportunity and a challenge: where adequate funding and flexibility exist, child care can incorporate language preservation, traditional practices, and community values, strengthening Indigenous families not only economically but as cultural leaders shaping early learning environments. In recognition of this, the ECECD created a dedicated [Assistant Secretary for Native American Early Childhood Education and Care](#), and has developed specific outreach and policy guidance for Nations, Pueblos, and Tribes.

Easing registration requirements for home-based providers may be the most immediate lever for closing rural gaps, as home-based providers can open far more quickly than center-based programs. Universal child care also opens the door to exploring whether state dollars can more flexibly support family-based and kinship care in communities where traditional licensed facilities are unlikely to emerge, a question particularly salient for Tribal and rural families whose caregiving structures do not always align with a center-based model.

Kinship Care: A Policy Update

New Mexico has a notably high rate of kinship care. From 2017 to 2023, kinship care, where grandparents or other kin serve as primary caregivers, increased by [20 percent](#), and an estimated 36,000 children are raised by grandparents or kin statewide, though this is likely an undercount due to data collection challenges. Under the prior Child Care Assistance program, grandparents without legal guardianship, who were not working or in school, were ineligible for assistance.

New Mexico's UCC expansion has directly addressed this gap. Under the new regulations, [grandparents with legal custody or kinship guardianship](#) are now specifically exempt from work and school activity requirements, making them newly eligible for free child care regardless of employment status. Families experiencing housing instability, those involved with the state's [Children, Youth & Families Department](#) (CYFD), and families caring for substance-exposed infants are also exempt from activity requirements.

While these changes represent meaningful progress for kinship families, questions remain about how to reach kin caregivers who may be unaware of their new eligibility, particularly in rural and Tribal communities, where informal care arrangements are most common. Annual recertification requirements, still in place, have been identified in [CCPI research](#)

as a barrier to sustained participation, suggesting continued attention to administrative simplification is needed.

Policy Recommendations

- **Expand Child Care Supply in Rural and Tribal Communities:** Prioritize investments in home-based, family, and tribally led care models in communities where traditional licensed facilities face the greatest barriers to entry. Reducing barriers to provider registration and expanding the range of eligible provider types offers the most direct path to ensuring that public investment in universal child care produces practical access for families across the state.
- **Strengthen Provider Recruitment and Financial Support:** Support provider outreach, streamlined registration, and financial incentives, including low-interest loans and enhanced reimbursement rates, to grow child care capacity in proportion to the demand created by Universal Child Care. A well-functioning child care market requires a sufficient supply of providers, and targeted support for new and expanding providers is essential to making that market work.
- **Examine Administrative Barriers to Sustained Participation:** Review administrative requirements, including annual recertification, that research has identified as barriers to sustained participation among kinship caregivers and other newly eligible families. Streamlining these processes reduces administrative costs, improves program efficiency, and ensures continuity of care for families who are hardest to reach.



BUILDING A SUSTAINABLE SPECIAL EDUCATION WORKFORCE

States across the country continue to face persistent challenges in recruiting and retaining a sufficient number of qualified special education (SPED) teachers. These shortages are particularly pronounced in rural, frontier, and Tribal communities, where smaller districts face persistent recruitment barriers, limited access to preparation programs, and fewer support structures for new teachers. [National research](#) further underscores that shortages in special education disproportionately affect high-need and geographically isolated districts.

These challenges are particularly consequential given federal requirements under the Individuals with Disabilities Education Act (IDEA), which guarantees students with disabilities access to a free and appropriate public education (FAPE). Workforce shortages directly affect districts' ability to meet these obligations, making educator supply not only a staffing issue, but also a compliance and equity concern.

Special Education Teachers in New Mexico

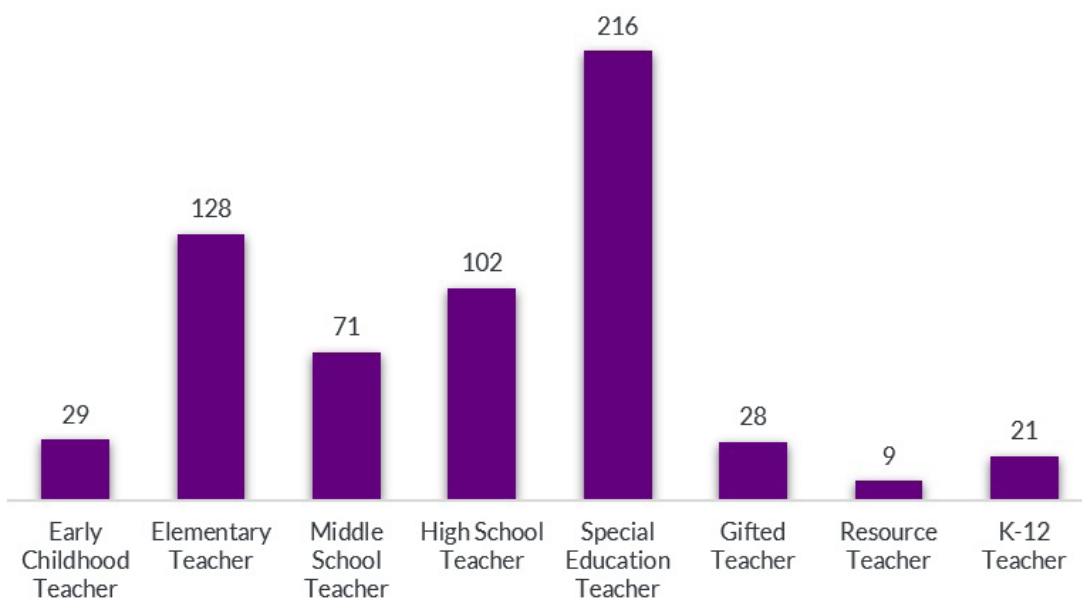
Recent state data consistently show that special education remains the most acute teacher shortage area in New Mexico. According to the [2024-2025 New Mexico Educator Vacancy Report](#), special education accounts for approximately 36 percent of all teacher vacancies statewide, a level that has remained persistent year over year.

Within special education specifically, vacancy data indicate variation by role and grade span. For example, the largest concentration of [SPED vacancies](#) is at the elementary level. In addition, state leaders have identified special education positions as among the most difficult to staff, prompting targeted initiatives such as financial incentives and differential pay programs.

New Mexico Special Education Teacher Training Program

The Special Education Teacher Training (SETT) program is a unique New Mexico alternative teacher licensure program that supports candidates interested in special education. The [program](#)

Figure 1: 2025 New Mexico Teacher Vacancies



[Source](#)

provides candidates with thorough instruction, co-teaching opportunities, salaries and benefits, and guaranteed employment post-completion. SETT is organized by Central New Mexico Community College (CNM), Albuquerque Public Schools (APS), and the Albuquerque Teachers Federation (ATF). The program is open to those with a bachelor's degree and no prior teaching experience.

Recent Policy Context in New Mexico

New Mexico policymakers have taken steps to address both workforce supply and system-level supports. The state has implemented a [Hard-to-Staff Pay Differential initiative](#), which has already [supported](#) the hiring of more than 400 certified special education teachers. The Legislature recently passed [SB 64](#), which codified a state Office of Special Education, designed to improve coordination, technical assistance, and district support. These efforts signal a shift toward addressing both pipeline development and retention simultaneously, rather than relying solely on recruitment.

State Examples

Hawai'i | Recruiting Special Education Teachers Through Bonuses

To recruit special education educators, Hawai'i increased special education teacher salaries by [\\$10,000](#). While the bonus resulted in a [35 percent decrease](#) in special education teacher vacancies and significantly helped hard-to-staff schools, it had no measurable effect on retention and primarily drew from the existing pool of general education teachers rather than expanding overall supply. Hawai'i's experience suggests that financial incentives, while effective at reducing vacancies in the short term, may need to be paired with pipeline development strategies to produce lasting workforce growth.

Pennsylvania | Attract, Prepare, Retain

Pennsylvania has launched a [statewide initiative](#) focused specifically on special education workforce

stability. The initiative includes state-funded partnerships between districts and higher education institutions, accelerated certification pathways for paraprofessionals and current educators, and a statewide mentoring network, pairing new SPED teachers with experienced mentors. More than [850 educators](#) have participated in the mentoring network, which provides ongoing, role-specific support and addresses isolation, particularly in rural areas.

Virginia | State-Funded Teacher Residency Programs

Virginia has invested in [teacher residency models](#), providing funding for year-long, clinically intensive preparation programs aligned to district needs. These programs emphasize a paid, hands-on experience, strong university-district partnerships, and improved retention outcomes. State appropriations for [residency partnership grants](#) demonstrate a sustained commitment to building high-quality pipelines in shortage areas, including special education.



Policy Recommendations

- **Build Regional and Community-Based Teacher Pipelines:** Invest in grow-your-own programs, teacher residencies, and paraprofessional-to-teacher pathways that develop special education talent within the communities that need it most. Locally rooted pipeline models have demonstrated stronger retention outcomes than external recruitment and represent a more sustainable long-term strategy for districts that have struggled to attract and keep qualified staff.
- **Invest in Special Education Teacher Retention:** Support retention through financial incentives, structured mentorship, and improvements to working conditions for special education teachers, with particular attention to rural districts where vacancies are most persistent. Retaining qualified teachers already in the classroom is both more cost-effective than continuous recruitment and more reliable for meeting the state's obligations under federal law.

PREPARING STUDENTS FOR AN AI-DRIVEN FUTURE

Artificial intelligence (AI) is rapidly entering K-12 classrooms and college campuses, bringing both significant opportunities and policy challenges that states are still working to address. In K-12 education, AI may offer meaningful solutions to equip students with future-ready skills by enabling educators to tailor learning experiences to individual student needs, providing real-time feedback, and automating administrative tasks. In higher education, AI can offer personalized learning experiences and enhance research capabilities. However, effective integration of AI in educational settings requires attention to ethical considerations, equity in access, and the development of digital literacy skills for both students and teachers.

APPRENTICESHIP & RESIDENCY PROGRAMS

Teacher apprenticeships combine coursework and on-the-job experience in an attempt to reduce the cost of earning a teaching degree while providing candidates with crucial time in the classroom during their preparation. Apprentices also earn a wage for their time in the classroom and ultimately end up with a degree and/or license in teaching. Apprenticeship programs are generally an expansion of the teacher residency concept, which provides teaching candidates with the opportunity to work alongside a mentor teacher for at least one year before becoming the teacher of record. Teacher residencies tend to attract people of color at high rates when compared to the national teacher population, and teachers prepared through residency programs tend to stay in the classroom longer than those who are not.

In January 2022, Tennessee launched the Teacher Occupation Apprenticeship and became the first state to establish a teacher apprenticeship program approved by the U.S. Department of Labor. Being recognized as a Registered Apprenticeship Program with the Department of Labor opens up the Teacher Occupation Apprenticeship to federal funding opportunities, allowing the program to leverage both state and federal dollars to create a sustainable funding stream. As of 2024, over 21 states offer registered teacher apprenticeship programs.

Current State of Artificial Intelligence in K-12 Education

AI's current application in classrooms ranges from AI-powered educational games to adaptive learning systems and analytics that can [predict](#) student learning patterns and outcomes. These tools could [enhance student engagement and achievement](#) by identifying students' unique educational needs and supporting differentiation, especially for students with learning differences.

AI-powered formative assessment tools provide real-time feedback, helping students understand mistakes and improve learning retention. Through student performance data analysis, AI can assist teachers in identifying students who need additional support and suggest targeted intervention strategies earlier than traditional methods.

The New Mexico [Public Education Department](#) (PED) supports educators in [integrating AI](#) into classroom practice to enhance student learning while maintaining a strong commitment to ethical, equitable, and human-centered instruction. State guidance emphasizes that AI should support—not replace—educators, reinforcing a “human-in-the-loop” approach where teachers guide and refine its use.



To support effective implementation, the PED encourages an intentional and reflective approach to AI use, grounded in both instructional alignment and ethical responsibility:

- Evaluate AI-generated outputs to ensure alignment with instructional goals and standards.
- Verify information using reliable sources to mitigate inaccuracies and bias.
- Refine prompts and iterate on outputs to improve quality and relevance.
- Adapt AI-generated content to meet diverse learner needs.

Developing AI Policies

New Mexico's [guidance](#) underscores the importance of local policy development as a critical component of responsible AI implementation. Districts are encouraged to build on existing policies rather than use a one-size-fits-all approach, ensuring alignment with community values and legal requirements.

Key considerations include:

- **Continuous Review and Adaptation:** Policies should evolve alongside emerging technologies.
- **Stakeholder Engagement:** Educators, students, and families should co-develop policies to build trust and transparency.
- **Age-Appropriate Guidance:** Expectations should reflect developmental levels across grade spans.
- **Ongoing Communication:** Policies should be revisited regularly, not just at the start of the school year.

A Framework for AI Integration

The PED's guidance further provides a comprehensive framework for integrating AI into teaching and learning, emphasizing both instructional practice and system-level implementation.

Framework includes:

- **Standards Alignment:** AI should be embedded within existing academic standards, not treated as a standalone initiative.
- **Teaching with and about AI:** Educators should both leverage AI as a tool and explicitly teach students how AI works, including its limitations and ethical considerations.
- **Student-Centered Supports:** AI can enable personalized learning, adaptive instruction, and targeted academic recovery.
- **Scaffolded Integration:** AI use should progress from substitution (basic use) to redefinition (transformational learning experiences).
- **Critical Thinking and Problem Solving:** Students must be taught to question AI outputs, analyze assumptions, and justify conclusions.

This framework emphasizes that AI integration is not just about tools, but about redesigning learning experiences to improve student outcomes.

Future Trends and the Role of AI

New Mexico schools are encouraged to engage families and communities to build trust and shape [AI implementation](#) through [ethical](#), transparent, community-centered use. At the same time, districts should prioritize responsible AI tools that meet standards for bias mitigation, accessibility, and data privacy.

[Protecting data](#) remains critical, with clear expectations that student data should remain under local control and be used responsibly. The guidance also highlights the importance of aligning AI use with local cultures and community values, ensuring that technology supports, rather than replaces,

community knowledge and priorities.

Ongoing monitoring and evaluation are essential, as educators must continuously assess AI's impact on teaching and learning. Schools must also address emerging challenges such as misinformation and [deepfakes](#) by strengthening students' media literacy and critical thinking skills. Responsible AI integration should support the development of future-ready skills, including adaptability, collaboration, and ethical decision-making, preparing students for an evolving workforce.

Collectively, this approach positions AI as a strategic tool to enhance teaching and learning, grounded in human-centered values and a commitment to equity.

Current State of Artificial Intelligence in Higher Education

The rapid advancement of AI is significantly impacting higher education, offering both transformative opportunities and complex challenges. Universities and colleges are leveraging AI tools to streamline admissions, personalize student learning experiences, and enhance retention efforts. Adaptive learning platforms use AI algorithms to tailor course content to individual student needs, fostering more effective and efficient learning. Chatbots and virtual assistants have also become [prevalent](#), providing 24/7 support for tasks like answering student queries, helping with course selection, and offering mental health resources.

Despite its promise, many institutions are struggling to prepare for the rapid rise of AI. A [survey](#) by Inside Higher Ed revealed that only nine percent of campus technology leaders feel their institutions are adequately prepared for AI, with concerns about academic integrity, data privacy, and ethical implications hindering broader adoption. However, as highlighted by [Deloitte](#), generative AI offers transformative potential, such as AI-based tutoring systems that can provide step-by-step, personalized

learning experiences to enhance engagement and outcomes. To fully harness these advancements, institutions must invest strategically, develop robust policies, and address ethical concerns such as equitable access and algorithmic bias.

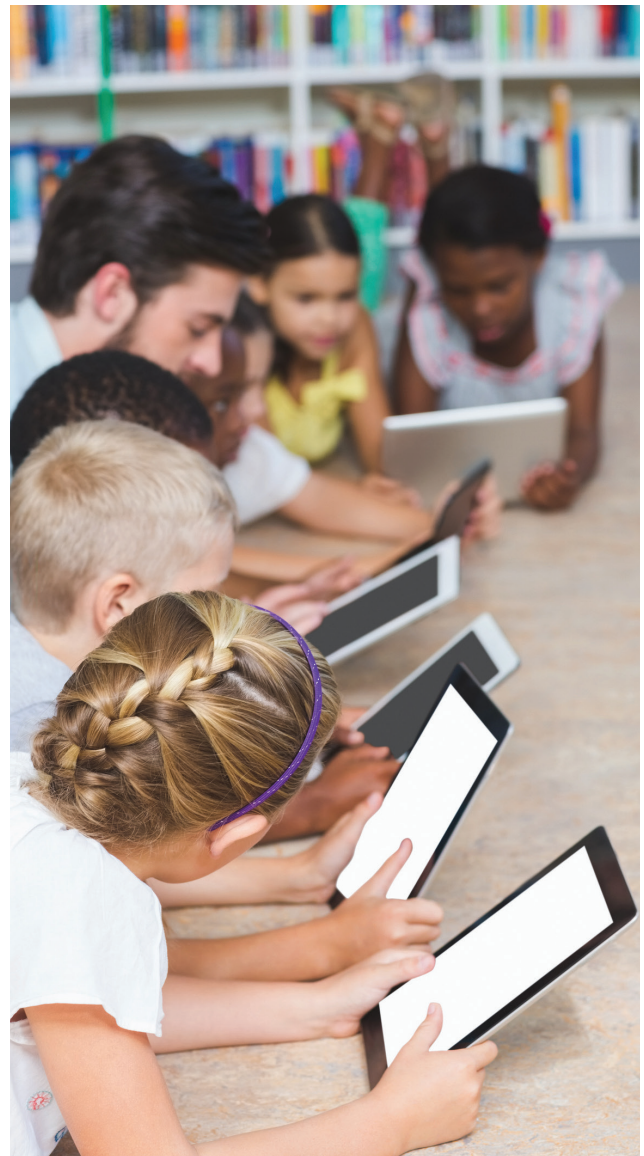
Moreover, the rapid proliferation of AI tools like ChatGPT has raised concerns about [academic integrity](#), as these tools can generate human-like text, potentially facilitating plagiarism and challenging traditional assessment methods. Institutions are grappling with the need to update academic policies and develop detection mechanisms to uphold standards of honesty and originality in student work.

Best Practices in AI in K-12 Education

Embracing AI in K-12 classrooms offers an opportunity to transform learning experiences into interactive, engaging, and individualized lessons that [promote](#) student self-efficacy and achievement. AI can foster innovation, laying the groundwork for students to leverage educational opportunities while preparing them to navigate an increasingly technologically advanced society. The integration of AI in education presents the opportunity to develop new student-centered educational models, such as problem-based learning, where AI can support student learning through guidance and resources to enhance learning experiences. While AI does offer the potential to transform K-12 education, it is important to recognize that not all schools have the resources or trained personnel to integrate the technology at the classroom level, potentially resulting in a digital divide and educational inequities.

To date, 34 states have [released guidance](#) regarding AI. The state of Ohio [launched](#) a five-part AI Toolkit, developed in collaboration with the nonprofit AI Education Project, which includes guidelines that educators can use to create policies tailored to their communities. The toolkit also provides policies and resources

for [parents](#), [policymakers](#), and [educators](#), such as classroom warm-ups, examples of use cases of [generative AI tools](#) to explore, and exercises designed to give students a basic understanding of AI. Some school districts have partnered with [Khan Academy's](#) platform which utilizes large language models to provide personalized tutoring experiences and fill learning gaps for students effectively. AI technologies [embedded](#) within Khan Academy's ecosystem offer various benefits, including high-impact tutoring, accessibility enhancements for students with disabilities, and significant time savings for teachers.



Best Practices in AI in Higher Education

Implementing AI in higher education requires strategic integration, ethical considerations, and comprehensive training for all stakeholders. Institutions like [Arizona State University](#) and the [University of Michigan](#) offer AI literacy courses to faculty, staff, and students, fostering a campus-wide understanding of AI's capabilities and limitations. Texas A&M University provides sessions where faculty can explore various AI tools, assessing their benefits and shortcomings. However, a [survey](#) by Inside Higher Ed revealed that only 20 percent of institutions have established AI policies, though 63 percent are developing them. To address academic integrity concerns, some [educators](#) involve students in creating AI usage guidelines, promoting ethical engagement with technology. By prioritizing transparency, data privacy, and equity, and by engaging the academic community in policy development, higher education institutions can responsibly harness AI's potential to enhance teaching, learning, and administration.

Policy Recommendations

- **Establish Clear Data Governance Standards for AI in Schools:** Develop standards governing how student data is collected, used, and protected when AI tools are deployed in K-12 and higher education settings, including boundaries on the use of predictive analytics in educational decisions. Maintaining local control over student data and clear accountability for how it is used should be foundational to any statewide framework.
- **Ensure Consistent Access to AI Tools and Infrastructure:** Address gaps in device access, broadband connectivity, and instructional capacity that determine whether AI tools are available to students across the state. Ensuring that public investments in educational technology reach students in all regions, not only well-resourced districts, is essential to realizing a return on those investments.

ALIGNING CAREER AND TECHNICAL PATHWAYS ACROSS K-12 AND POSTSECONDARY

[Career and Technical Education](#) (CTE) is increasingly central to how states prepare students for both postsecondary education and the workforce. In New Mexico, this role is particularly important given the state's economic priorities, [diversity](#), and the need to expand access to high-quality career pathways across both urban and rural communities. Effective CTE systems require [coordination](#) across K-12, postsecondary institutions, workforce agencies, and employers, along with attention to quality, access, and economic alignment. Rather than functioning as a standalone set of courses, high-quality CTE systems are designed as [coherent pathways](#) that extend through high school and connect directly to postsecondary credentials and employment opportunities.

New Mexico has made [important investments](#) in this space, including expanding access to dual credit, strengthening partnerships with community colleges, and aligning programs to key industries such as healthcare, energy, advanced manufacturing, and education. At the same time, ensuring that these efforts operate as a connected system, rather than a collection of programs, remains an ongoing opportunity. Alignment across K-12, postsecondary institutions, and employers is essential to ensuring that students can move efficiently from one stage of the pathway to the next without losing time, credits, or momentum.

Well-aligned CTE pathways can serve multiple goals simultaneously. For students, they provide clarity about future options, increase engagement, and reduce the cost and time required to earn a credential. For the state, they [strengthen workforce pipelines](#) in high-demand sectors and support regional economic development. However, these outcomes depend on the degree to which systems are coordinated around shared expectations for coursework, credentials, and transitions.

At the center of this work is pathway design. Effective pathways are not simply collections of courses, but intentionally sequenced experiences that build knowledge and skills over time. In New Mexico, students often begin exploring career interests in middle school, followed by more specialized coursework in high school through CTE programs and [career clusters](#). Many students also have access to [dual credit opportunities](#) through partnerships with institutions such as [Central New Mexico Community College](#), Doña Ana Community College, and other regional colleges, allowing them to begin earning postsecondary credit while still in high school.

Dual Credit and Early College Access

One of the most significant levers for improving alignment is [dual credit](#) and [early college access](#). New Mexico has been a national leader in providing tuition-free dual credit opportunities, allowing students to earn college credit at no cost while in high school. This creates a powerful opportunity to reduce the cost of postsecondary education and accelerate credential attainment. However, maximizing the impact of dual credit requires continued attention to course alignment, credit transferability, and equitable access across districts, particularly in rural areas where participation may be more limited.

In addition to academic alignment, [work-based learning](#) (WBL) is a critical component of effective pathways. In New Mexico, programs such as internships, career technical student organizations, and partnerships with local employers provide students with opportunities to apply their learning in real-world settings. In high-quality systems, these experiences are integrated into coursework, [aligned to career pathways](#), and connected to credential attainment. Expanding access to structured, high-quality WBL opportunities, particularly in key sectors such as healthcare, energy, and skilled trades, can further strengthen the connection between education and employment.

Postsecondary institutions, especially [community colleges](#), play a central role in this ecosystem. These institutions are critical partners in delivering workforce-aligned programs and credentials. Strong alignment requires ongoing collaboration between K-12 systems and these institutions to ensure that:

- High school coursework prepares students for postsecondary expectations.
- Dual credit courses are aligned to degree and certificate programs.
- Credentials are stackable, allowing students to build toward higher-level qualifications over time.

The Role of Employers

Employers are equally [important partners](#) for a successful CTE program. In career fields such as energy, healthcare, and construction, employer engagement in program design and WBL opportunities help ensure that pathways are aligned to real workforce demand. Strengthening these partnerships can help ensure that students graduate with skills that are both relevant and valued in the labor market.

Taken together, these elements underscore that alignment is not a single initiative, but an ongoing systems-level effort. While New Mexico has made meaningful progress in expanding access and strengthening connections across sectors, continued attention to coherence, consistency, and shared expectations will be critical. Ensuring that coursework, credentials, and experiences are intentionally connected across K-12, postsecondary education, and the workforce can help create a more seamless system in which students are able to progress efficiently and confidently toward both educational attainment and meaningful employment.

Policy Recommendations

- Align K-12, Postsecondary, and Employer Partnerships Around High-Demand Pathways:** Strengthen coordination among K-12 systems, community colleges, and employers to ensure that coursework, credentials, and work-based learning form coherent pathways into high-demand sectors including healthcare, energy, and advanced manufacturing. Stackable credentials and clear articulation agreements reduce time to completion, lower costs for students and institutions, and improve alignment between education investment and workforce need.
- Expand Dual Credit and Work-Based Learning Access Statewide:** Extend dual credit and work-based learning opportunities to students in all regions of New Mexico, with targeted strategies to address participation gaps where logistical and infrastructure barriers are most significant. Students who earn credentials and build work experience before leaving high school enter the workforce and postsecondary education better prepared and at lower cost to themselves and the state.

EDUCATION FUNDING AND THE PERMANENT FUND: SUPPORTING STUDENT OUTCOMES

New Mexico’s education funding landscape is uniquely shaped by the [Land Grant Permanent Fund \(LGPF\)](#), established at statehood in 1912, one of the largest sovereign wealth funds in the United States and a central, long-term stabilizing revenue source for public education. Through the federal Ferguson Act of 1898 and the federal Enabling Act of 1910, the future state of New Mexico was granted land for revenue generation from oil and gas to be held in trust for the benefit of public schools and universities. The LGPF provides a predictable annual distribution independent of short-term revenue fluctuations and helps buffer schools from volatility tied to oil and gas markets or economic downturns.

As of recent estimates, the fund has grown to over [\\$30 billion](#) in assets, underscoring its scale and importance to the state’s fiscal stability. Each year, the fund [distributes](#) approximately 5 percent of its rolling five-year average value, generating more than \$1 billion annually for beneficiaries, with the majority directed to K-12 public education. Recent policy changes have expanded the role of the fund and in 2022, voters approved an additional 1.25 percent annual distribution targeted toward early childhood education and services for at-risk students.

Figure 2: Land Grant Permanent Fund Portfolio Value Estimates (in billions)



Source

Enrollment Trends and Fiscal Pressures

New Mexico, like many states, is experiencing shifting and in some cases declining K-12 enrollment, particularly in high-poverty and rural districts. These [trends](#) are often uneven across regions, with some communities experiencing sharper declines due to demographic and economic changes. The interaction between declining enrollment and a growing LGPF creates a central policy tension: how to align funding levels with changing student populations while maintaining efficiency and educational quality.

Policymakers have several factors to consider for the permanent fund regarding enrollment trends:

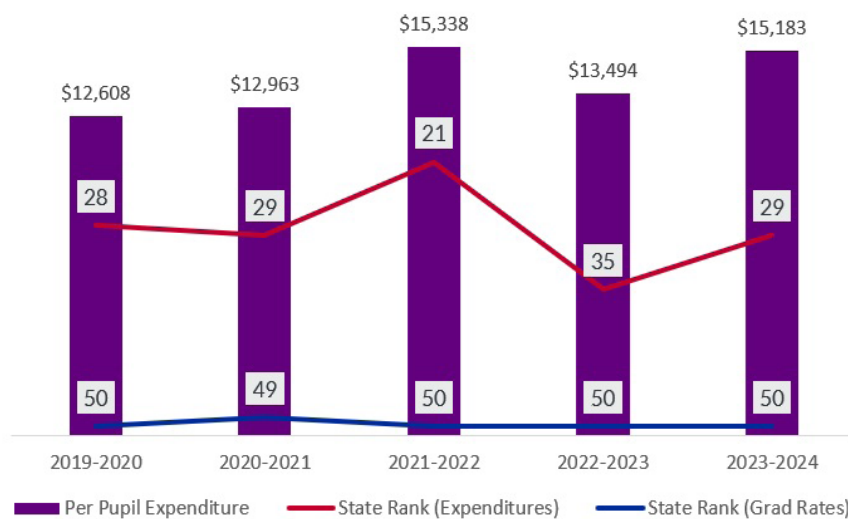
- Per-pupil funding formulas may produce uneven impacts as enrollment declines, potentially straining smaller or rural districts.
- Fixed costs, such as facilities and staffing, may not decline proportionally with enrollment, creating efficiency challenges.
- Persistent poverty and geographic variation mean that funding decisions must account for differentiated student need, not just enrollment counts.

Linking Education Funding to Student Outcomes

A growing body of [research](#) suggests that funding increases can improve student achievement, graduation rates, and long-term earnings. However, outcomes depend heavily on how funds are allocated. Sustained [increases](#) in school funding have been shown to improve academic outcomes, particularly when investments are directed toward students with the greatest needs. Additionally, New Mexico’s recent use of permanent fund distributions for early childhood programs aligns with [evidence](#) that investments in early learning produce strong long-term academic and economic benefits, including improved school readiness and lifetime earnings.

[Research](#) consistently finds that fragmented or uncoordinated spending [reduces](#) the effectiveness of education funding. Strategic [alignment](#), such as linking funding to instructional quality, teacher workforce stability, and student supports, is critical for translating dollars into [outcomes](#). Simply [increasing](#) funding does not guarantee improved outcomes if underlying [system challenges](#), such as workforce shortages, inconsistent instructional quality, or inequitable access to resources, are not addressed.

Figure 3: New Mexico Per-Pupil Expenditures, Expenditure State Rank, & Grad Rate State Rank



Source

Policy Recommendations

- **Direct Permanent Fund Distributions Toward Strategies with Demonstrated Results:** Ensure that distributions from the Land Grant Permanent Fund are allocated toward approaches with a documented record of improving student outcomes, including investments in teacher workforce stability, instructional quality, and early learning. Fiscal responsibility requires not only sustained investment but clear accountability for how those resources are used and what they produce.
- **Ensure Funding Mechanisms Reflect the Full Range of Student and District Need:** Ensure that funding formulas account for the differentiated costs facing districts in rural and geographically isolated areas, where fixed infrastructure costs, smaller enrollment bases, and limited local tax capacity create fiscal pressures that per-pupil averages do not fully capture. Funding structures that reflect real operating conditions produce more efficient and accurate allocation of public resources.





Established in 2001, **The Hunt Institute** honors the legacy of the late James B. Hunt, Jr., the former governor of North Carolina who distinguished himself as an ardent champion of education.

The Hunt Institute brings together people and resources to inspire and inform elected officials and policymakers about key issues in education, resulting in visionary leaders who are prepared to take strategic action for greater educational outcomes and student success.

In 2016, The Hunt Institute became an independent, nonprofit entity and joined forces with Duke University's Sanford School of Public Policy to pursue research, educational partnerships, and events related to improving education policy.

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