

In One of the Country's Poorest States, Crippling Budget Cuts Loom

Health care. Food. Outdoor recreation. Wildfire protection. The arts. President Trump's new domestic policy law will have wide-ranging effects in New Mexico, which depends heavily on federal funding.

By [David W. Chen](#) – New York Times

Photographs by Meridith Kohut

David W. Chen and Meridith Kohut went white-water rafting on the Rio Grande; surveyed the scars of the Hermits Peak-Calf Canyon Fire near Las Vegas, N.M.; and visited a farmers' market and a cattle ranch near Santa Fe, among other locations, to assess the potential impact of President Trump's domestic policy law.

- Aug. 6, 2025

To understand how a state heavily dependent on Washington might be affected by President Trump's [far-reaching domestic policy law](#), consider New Mexico.

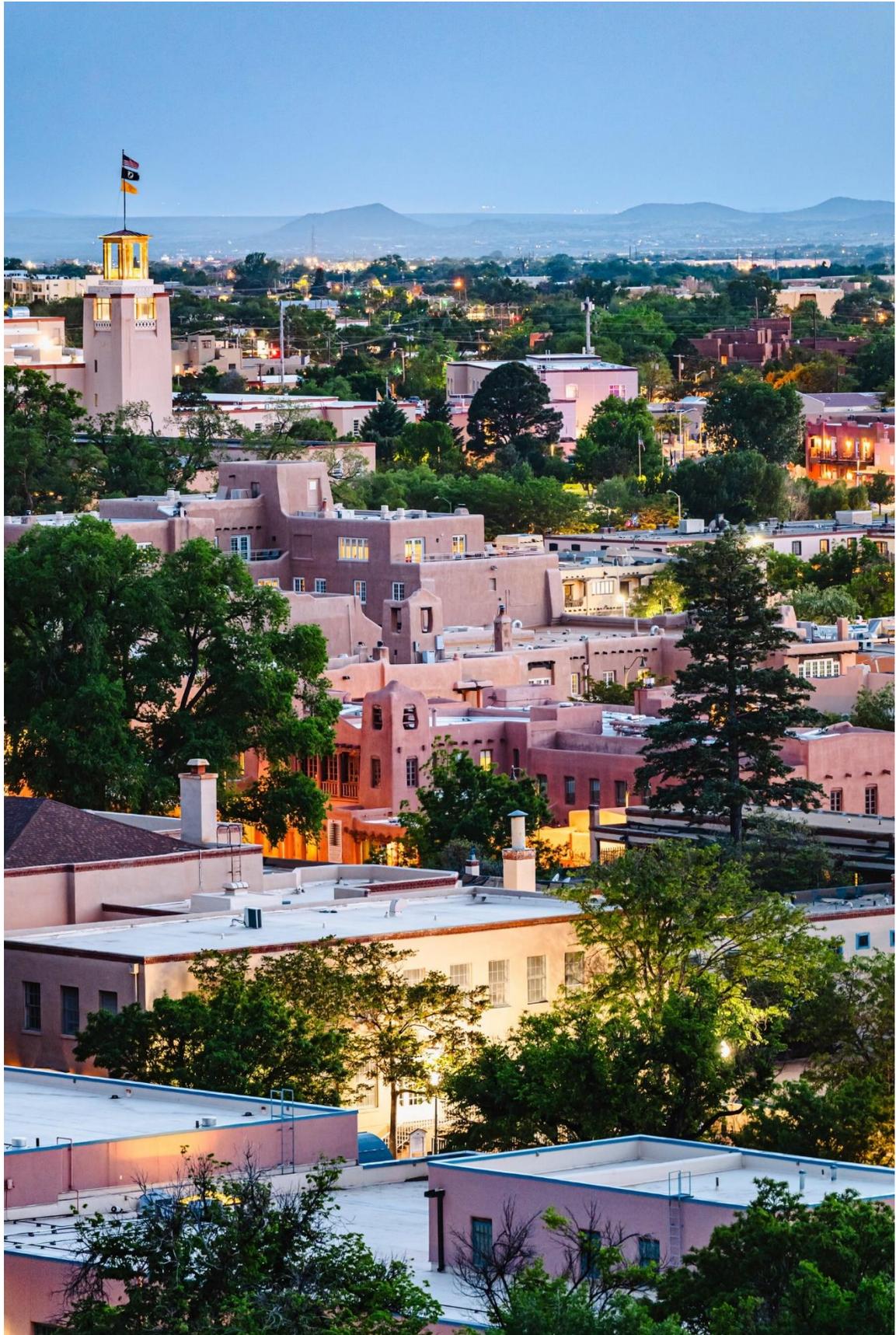
The state is among the biggest per capita recipients of federal money, taking in \$3 for every dollar it sends in taxes. About 39 percent of its residents are on Medicaid — one of the highest rates in the country — and 23 percent receive food assistance. [Nearly a third of the state](#), 24.7 million acres, is public land.

The Trump administration has made it clear that it regards such extensive subsidies as untenable. The plan to [shift more costs to state](#) and local governments means that states like New Mexico will be forced to find more money, or plan for what could be significant reductions in services. Gov. Michelle Lujan Grisham and the state's congressional delegation, all Democrats, [warn that their state, one of the country's poorest, will be hard-pressed](#) to make up the shortfall.

"You couldn't design a budget-reconciliation package that would be worse for the state of New Mexico," Senator Martin Heinrich [said at a health care forum](#).

But after years of robust federal spending in the state, some Republican legislators, who are in the minority in [both chambers](#), are predicting that the new domestic policy bill will help root out waste and provide some [tax relief](#).

“Just take a deep breath,” said State Representative Mark Duncan, a Republican who sits on a [new legislative subcommittee on federal funding](#). “This is not going to happen tomorrow, for the most part.”







Manny Encinias, at center with his family, is a cattle rancher and longtime vendor at the Santa Fe Farmers Market, where many SNAP recipients shop for food. Some New Mexicans worry about their ability to afford food and health care after recent federal budget cuts.

The [state estimates that it will lose](#) \$2.8 billion annually in Medicaid funding, and as much as \$352 million from the Supplemental Nutrition Assistance Program, or SNAP, which helps low-income families buy groceries. Six to eight rural hospitals could close within the next 24 months.

And out of roughly 22,000 jobs in state government, more than 2,000 are wholly funded by the federal government, while an additional 3,800 are partially funded, Wayne Propst, secretary of the Department of Finance and Administration, told [the funding subcommittee](#).

To be sure, state budgets around the country have been generally [strong](#) of late thanks to billions in Covid-19 relief money and a record-breaking stock market. New Mexico has also been buoyed by robust [oil and gas revenues](#).

But few sectors of the state will be untouched.

Manny Encinias, a cattle rancher and longtime vendor at the Santa Fe Farmers' Market, said some of his customers paid with SNAP food tokens. "Suddenly, the rug has been pulled out from beneath us," he said.

For now, here's how some New Mexicans are [sizing up the new normal](#):

Medicaid and SNAP

Image



Last year, 29 percent of the budget for The Food Depot, a food bank in Northern New Mexico, came from government funding.

The New Mexico Health Care Authority, which administers Medicaid and SNAP, estimates that [88,000 residents could lose Medicaid](#), and 58,000 could lose SNAP. Many officials are worried about bureaucratic snarls and widespread confusion.

Paulina Verduzco, 20, a restaurant host in Santa Fe, is already experiencing whiplash.

After being uninsured for two years, Ms. Verduzco was recently approved for Medicaid. But a few weeks ago, she received a \$300 bill for a one-hour intake call, done over Zoom. Panicked, she talked to a case worker and was told it was a mistake.

She was also approved for SNAP, and on a recent Saturday at the Santa Fe Farmers' Market, she used her food tokens for the first time. She and her aunt purchased plants for cherry tomatoes, poblano peppers and lemon cucumbers to grow in their own tiny garden.

But two weeks later, Ms. Verduzco received a text informing her that she would no longer be receiving SNAP because she wasn't working enough hours — even though she has been asking her employer for more hours. She is not sure if the cutoff was a result of the new federal policy, but work requirements are about to become even more stringent.







Arely Mercado, above at right, a pre-K teacher in Rio Rancho, has an autistic son eligible for Medicaid. Her mother, Donna Montoya, may be subject to new work requirements for SNAP, even though she cares for three grandchildren and has chronic health problems.

“You aren’t making enough money to receive government money — make that make sense,” Ms. Verduzco said.

Gutting SNAP could squeeze the state’s [Double Up Food Bucks initiative](#), which enables recipients to buy fresh local produce at half the price, and bolsters ranchers and farmers, said Mr. Encinias, who owns Trilogy Beef and Buffalo Creek Ranch in Moriarty, and is also executive director of the [Santa Fe Farmers’ Market Institute](#).

“We’re going to be impacted significantly,” he said.

Nonprofit groups, which have often provided aid that supplemented government programs, are also under pressure. A [recent survey of 200 nonprofits](#) commissioned by three New Mexico foundations reported that 20 percent received at least half of their funding from federal grants — grants that are now in jeopardy.

The Food Depot, which serves northern New Mexico, has already announced that its Regional Farm to Food Bank [program is ending](#).

“Make absolutely no mistake,” Jill Dixon, the group’s executive director, said at [a recent community](#) meeting. “The charitable food system cannot compensate for the loss that we are facing.”

Public Lands



Adventure-seekers on the Rio Grande near Taos.

In a state nicknamed the [Land of Enchantment](#) for its striking landscapes and cultural history, outdoor recreation [provided 29,000 jobs and generated \\$3.2 billion](#) in economic impact in 2023.

To operate on lands controlled by the Bureau of Land Management or the Forest Service, it is necessary to have permits, adequate access points and working restrooms and campgrounds, said Nick Streit, whose [father opened the Taos Fly Shop](#) in 1980.

But among the federal workers who lost their jobs in the first rounds of layoffs were several who worked on recreation and permitting. Those workers, Mr. Streit said, usually bought their waders and other outdoor equipment at local businesses and supported the local guide industry by maintaining standards.

“Those permits are important, because when members of the public come and they hire somebody, they know they’re safe, they have insurance, they have training,” said Mr. Streit, who is also the executive director of Friends of the Rio Grande del Norte National Monument.







Will Blackstock, above at center, in the Rio Chama, a major tributary of the Rio Grande. Roughly a third of New Mexico is public land managed by the Bureau of Land Management and the U.S. Forest Service.

Will Blackstock, who owns Far Flung Adventures, which offers white-water rafting trips on the Rio Grande, said that at the beginning of this summer, “things were looking very bleak” as a result of the federal budget and staffing cuts, with a significant reduction in the number of river rangers who patrol the nearby Rio Chama, a major tributary of the Rio Grande. One more ranger has been added back since then.

“It’s far less than the river program needs, but it is better than we thought it was going to be,” Mr. Blackstock said.

Conservation group leaders said they were relieved that a plan by Senator Mike Lee, a Utah Republican, to [sell millions of acres of public lands](#) was abandoned after intense [pushback](#), including from [many of Mr. Trump’s supporters](#).

But [Brooke Rollins](#), the agriculture secretary, did [rescind a longstanding rule](#) prohibiting road construction and timber harvesting in remote areas of federal forests, which conservationists fear will threaten vulnerable species and compromise wilderness values on public lands. The announcement was made in Santa Fe.

“We are so on edge right now, I can’t even tell you,” said Garrett VeneKlasen, the northern conservation director of the New Mexico Wilderness Alliance.

Natural Disasters



Jane Lumsden and her daughter, Makani Nakasone, at the site where their home stood before a wildfire in San Miguel County.

In New Mexico, concerns often turn to the basics: fire and water. Summers are drier now and extreme heat more frequent, heightening [wildfire concerns](#).

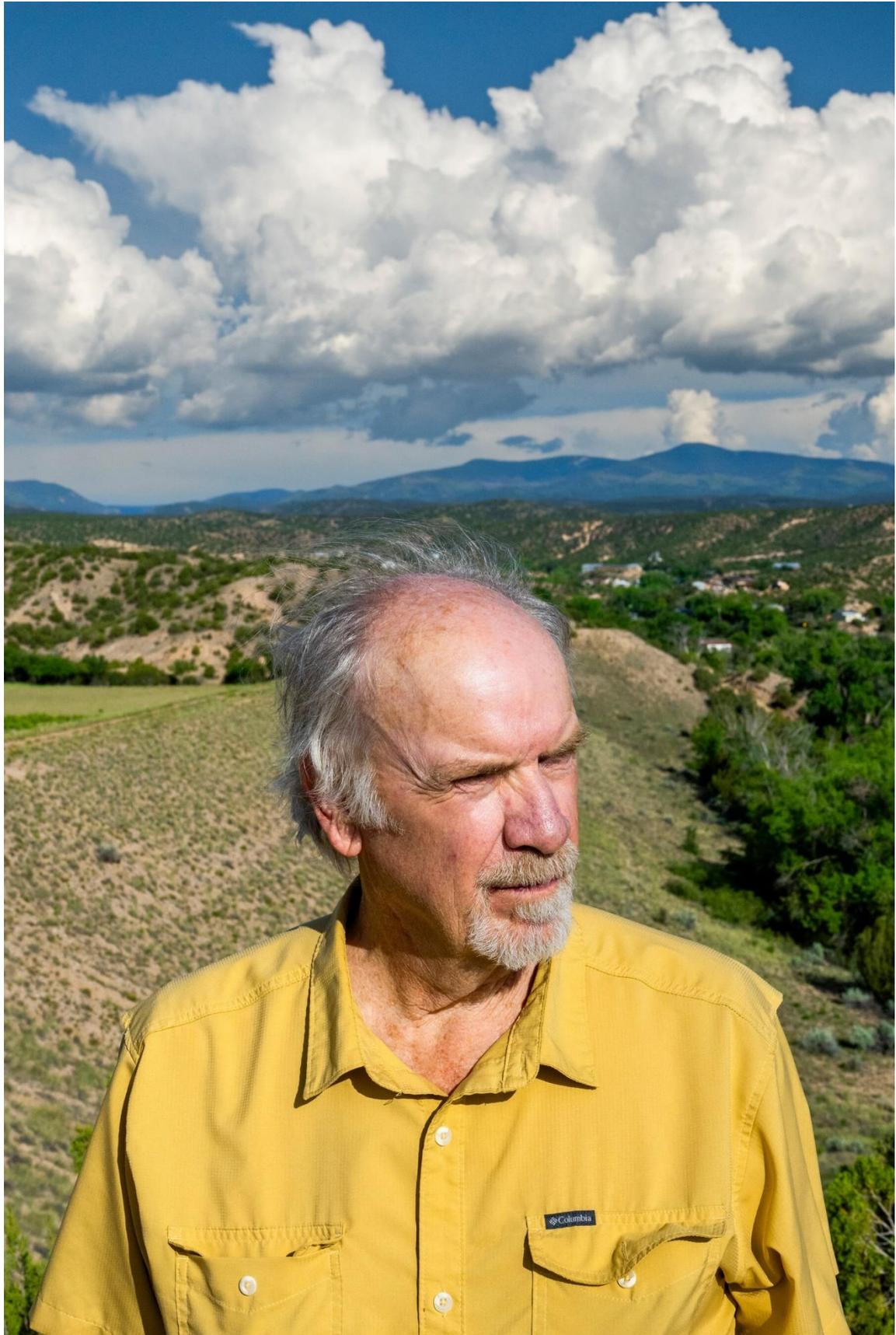
Jane Lumsden, whose family has long owned a natural foods store in Las Vegas, N.M., lost her custom-built home in the [devastating](#) Calf Canyon-Hermit's Peak blaze in 2022. But she is grateful to the experts who predicted the fire's path and to the emergency responders who kept residents regularly apprised of fire dangers.

Otherwise, she said, "People most certainly would have died."

Now, as her family incorporates timber salvaged from their burned home to rebuild across the street, she is worried that the federal cuts could affect reforestation efforts and could make it more difficult to fill thousands of [vacant](#) firefighter jobs. The Federal Emergency Management Agency has also [lost a quarter of its full-time staff](#) since Mr. Trump took office.

"Climate and natural disasters are accelerating and without these kinds of warning systems and support, we will be at risk," she said. "Look [what happened in Texas](#)."







Champe Green, center, near the earthen Cañada De Ancha Dam. The state is prone to flooding and wildfires.

About 60 miles to the northwest in Chimayo, Champe Green, an elected member of the Santa Fe-Pojoaque [Soil and Water Conservation District](#), worries often about the earthen Cañada De Ancha Dam, [one of the state's most dangerous](#).

Built 60 years ago, the dam has retention ponds that are now so choked with sediment that any significant rainfall could cause overflowing or breaching. An estimated 1,000 people, many of them poor and working-class, live within the potential flood area, according to the federal [Department of Agriculture](#).

The state has pledged \$8 million to remove the sediment. That funding is contingent, however, on a federal match of roughly \$11 million. Congress is considering the [appropriation of up to \\$7 million](#) in watershed rehabilitation funding for the next fiscal year — for the entire country.

“There’s not enough to pay for our one little project, much less all the projects around the country,” said Mr. Green, a retired biologist and ecologist with the U.S. Forest Service and the Army Corps of Engineers.

And now it is [monsoon season](#).

“If we got two inches in an hour, that would be scary,” he said. “If we had four inches in 24 hours, I’d be scared to death.”

Arts, Culture and Native Americans



Apprentices rehearsing at the Santa Fe Opera. At least \$1.5 million in federal grants earmarked for two dozen organizations statewide have already been terminated.

Robert K. Meya, general director of the Santa Fe Opera, has his own concerns related to wildfire threats.

The opera's annual insurance rates doubled from 2024 to 2025. With its open-air productions each summer, performed against a breathtaking desert backdrop, the opera has installed air-quality sensors to gauge [whether it is safe to perform](#).

“If you cut off the funding for the Forest Service and you're not maintaining these forests correctly,” Mr. Meya said, “then the possibility for a fire will only increase significantly.”

In recent months, a \$55,000 federal grant for [this summer's premiere of Wagner's “Die Walküre”](#) has been rescinded (though it is being appealed). And \$100,000 spent on installing solar panels, which previously would have been eligible for tax credits under the Inflation Reduction Act, may never be recouped.







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The Santa Fe Opera runs apprenticeships in its costume shop in addition to its singers.

Similar concerns weigh on organizations catering to the [arts, education and Native Americans](#).

Rose Eason, a board member of Creative New Mexico, an arts advocacy nonprofit, said at least \$1.5 million in federal grants earmarked for two dozen organizations statewide had been terminated.

Southwestern Indian Polytechnic Institute — [one of only two federally run colleges for Native Americans](#) — is facing a [proposed 83 percent cut](#) in federal funding.

And the impending cuts to public broadcasting [could shrink funding by 20 percent](#) for KSUT, one of the country's first tribal radio stations. It provides Indigenous news, music and emergency alerts to rural northwestern New Mexico.

“It’s one giant ecosystem,” Mr. Meya said. “No one is immune.”

David W. Chen reports on state legislatures, state level policymaking and the political forces behind them.