

MORE MONEY CAN MEAN TOUGH DECISIONS

by Senator Pete Campos

An extra \$300 million could never be considered a bad thing. With so many unmet needs, having more money to spend surely makes the Legislature's job easier, doesn't it? You may be surprised to hear that having more money to spend can actually make decision-making more difficult for the Legislature.

The 2005 legislative session opens January 18 and the Legislature will have only 60 days to tackle a wide range of issues, consider an estimated 2,500 pieces of legislation and write a state budget. In that budget, I support funding a well-deserved raise and cost-of-living adjustment for public employees, meeting rising employee health care costs and paying for escalating utility and liability insurance bills. Sixty days is not a lot of time to accomplish this important work.

Ironically, it's easier when there is no new money to spend. Expectations remain low. State agencies and interest groups recognize that times are tight, that new needs must go unmet and that wish lists must remain just that. But an extra several hundred million dollars to spend releases pent-up demand like air from a hole in a hot air balloon. State agencies seek more. Programs and services need more. Various groups argue for more. Schools and universities deserve more. Increasing costs necessitate more. The result? First, the Legislature has to decide where the money must be spent. Then the Legislature must further scrutinize its work. If unmet needs are discovered, we in the Legislature must further balance the state's budget. Ultimately, where the money should be spent presents the toughest choices.

So, where must the money be spent? Producing well-educated New Mexicans is a critical priority. Half of the state's tax revenues, over \$2 billion, is spent on educating New Mexico's 312,000 public school students. It is estimated that public schools need over \$100 million just to keep the school doors open. Funding the third year of the five-year phase-in of the teacher pay ladder will take over half of that amount. More new money should be used to fund overdue pay raises for other school employees and to meet increased employer contributions to the educational retirement fund that are necessary to keep that fund solvent.

Unfortunately, money the Legislature might like to spend on investments in the future of New Mexico must be spent, instead, to help New Mexicans meet their current and most basic

needs. It is a tremendous challenge for the Legislature to weigh using state resources to stimulate economic growth against meeting the existing needs of so many New Mexicans. The state Medicaid program pays for health care for New Mexicans who earn up to 235 percent of the federal poverty level. One out of every five New Mexicans, or 420,000 individuals, is a Medicaid client. This obviously necessary program needs close to \$100 million to keep operating next year. New Mexico Works, the state's temporary cash assistance program for families, helps those whose household income is less than 85 percent of the federal poverty level, or \$884 a month for a two-person household or \$1,335 for four people. This program needs \$25.5 million or it will be forced to cut the number of these neediest New Mexicans who receive help.

Higher education is an important component to the state's economic growth. Spending \$36.8 million of new money will fully fund workload growth due to enrollment increases, staff raises, new endowed faculty chairs and more need-based financial aid. In addition, a single \$44 million expenditure will fund badly needed improvements at college libraries.

After allocating new money to areas to meet essential budget needs, the toughest decisions will be about where the remainder of the new money should be spent and if a percentage should be put in reserve. Governor Richardson, legislators and interest groups will be presenting proposals for new programs. Some proposals have already been publicized, such as pre-kindergarten for four-year-olds, which could run between \$4 million and \$9 million. Money for that initiative could come from the school reform "lock box", a contingency fund created in 2004 to pay for school reforms.

Expanding access to health care is another area of concern. Governor Richardson wants to double the number of school-based health clinics, a proposal with a price tag of \$3 million. The Governor would also like to help more New Mexicans get health insurance. There are a large number of New Mexicans who earn too much to qualify for Medicaid, so a Governor's advisory panel has proposed the "State Coverage Initiative". The initiative would insure adults earning below 200 percent of the federal poverty level at a cost of about \$3.3 million. The panel also proposed changing Medicaid eligibility to allow approximately 40,000 more individuals to participate at a cost of \$32.1 million. I fully expect more proposals to surface once the Legislature starts and I support utilizing all available funds to provide responsible program development and support.

The biggest challenge for the Legislature will be deciding which proposals merit adoption. Even \$300 million can only go so far and needs to be spent on proposals that will best serve New Mexico and its citizens. Do we meet existing needs or invest in future returns? Once we start a new program, are we willing to commit the financial resources to it year after year? Will a new initiative do the most good for the most New Mexicans? Crafting a \$4.68 billion budget that includes spending an additional \$300 million wisely will mean some tough decision-making for the 2005 Legislature.