

Time to be Cautious in Budgeting **By Senator Pete Campos**

New Mexico's economy is improving, a little, and the result is that the state budget is growing, a little, for the first time in years. But this is not the time to go on a big spending spree.

Our economic recovery is still very fragile. We still have 46,000 fewer jobs in New Mexico than we had in February 2008, before the economy soured. We've only gained back 7,000 of the 53,000 jobs we've lost since our peak. Consumer sales appear strong, but probably because people are dipping into their savings to buy more, and not because they've gotten pay raises. And the price of natural gas, which fuels our state budget, is down from last year and at its lowest level since 2002.

So while the outlook is not as gloomy as it was, this is not the time to spend freely. It is the time to invest in education, infrastructure and local job growth and business expansion programs. Putting New Mexicans back to work is the best thing we can do to make lasting improvements to our economy. More jobs means more spending in local stores and less poverty all across the state — we still have one of the worst poverty rates in the nation — and that translates into more money into the state's general fund and less demand for expensive state health care and other assistance programs.

The legislature did a remarkably good job of balancing the state's budget over the last several years with a combination of budget cuts and cost-savings measures, modest tax increases and prudent reliance on federal stimulus funds. Many worthy state programs suffered, which meant important services to New Mexicans were cut. But it could have been even worse.

Now that the economy is showing some signs of improvement, we can begin to restore those cuts and invest in long-term solutions. A multipoint plan is worth considering.

First, we can, and should, approve a multimillion-dollar public works package that will not only put New Mexicans back to work quickly but also help build our state's lasting infrastructure. We're on track to approve about \$130 million in capital spending backed by severance taxes and another \$299 million in a general obligation bond package that will be submitted to voters this fall.

We must continue to work toward fully funding projects that are shovel-ready and appropriating the money necessary to clear the backlog of unfinished projects. We must pursue this effective strategy of completing unfinished projects. It is also important that higher education and government projects across New Mexico be funded. Smaller communities, like Watrous and Willard, deserve these projects, as do larger cities.

Second, we should approve targeted tax incentives to businesses that are willing to hire more New Mexicans, expand their businesses and invest in new equipment. Such tax incentives cost the state general fund, of course, so we should approve a modest package worth about \$20 million, rather than some of the more expensive packages supported by others.

Third, our public education system must be strengthened so that expanding businesses continue to have a talented, skilled and motivated labor pool from which to draw workers. Linking our community college system employers from Raton to Deming would be one of the best investments we could make in the state. Our vocational education schools, which are uniquely suited to preparing New Mexicans to take jobs around the state, must have our strong support.

Approval of a sound state budget is the foundation for this entire plan. A budget for the fiscal year that begins July 1 that does not commit the state to spending more money than it can afford is critical to our economic recovery. We must continue to provide for basic services without growing government spending to an unsustainable level.

By setting aside politics, the legislature and the governor can work together to meet the needs of the poor, improve education, assist small businesses and offer a hand to the most vulnerable and the elderly.