

Governor, Legislature Work Together to Reform Government

By Senator Pete Campos

The 2010 legislative session opened this week with a newfound spirit of cooperation between the governor and the legislature that will benefit New Mexicans as we work together to reshape state government.

We are all already aware of the forces that have prompted both the heightened cooperation and the realization that the state government that has served us so well for so long must be reformed:

- * a worldwide recession, the severity of which hasn't been seen since World War II;
- * a painfully slow and jobless economic recovery that will force tens of thousands of New Mexicans who have lost their jobs since the recession began in late 2007 to reeducate themselves for different jobs; and
- * bold expansion of state government programs designed to meet New Mexico's social needs with simultaneous cutting of taxes during good fiscal times.

The result has been well-documented: recurring state revenue for the fiscal year that's already half over is expected to be just \$4.8 billion — 20 percent less than the \$6 billion the state received in 2008. Unfortunately, state government finances are not expected to recover nearly as fast as they deteriorated. Revenue isn't expected to reach 2008 levels again until after 2014.

This is the governor's last regular legislative session, and it is fitting that it is a short, 30-day session devoted to the budget. It is also an opportunity for the governor and the legislature to work together to reshape New Mexico government into a model that will serve the state well for the foreseeable future. We must work together to craft policies that raise the revenue we *need*, but not necessarily the revenue we *want*; make government significantly more efficient; support the education, infrastructure and public safety programs that fuel our economy; and ensure that less-fortunate New Mexicans have the basic care they deserve.

Temporary Tax Increases Must Be Considered. An increase of one-half of one percentage point in gross receipts and related taxes would raise close to \$250 million a

year, and raising the top personal income tax rate from 4.9 percent to 5.9 percent for married couples with taxable income above \$150,000 and single individuals with taxable income above \$100,000 would raise more than \$56 million a year.

Cutting Stalled Capital Outlay Projects. Legislation will be considered that would cancel \$150 million worth of capital outlay projects for which no progress is being made. As worthy as those projects may have been at one time, or might still be, the unfortunate reality is that the state needs every penny it can get, and it simply doesn't make sense to keep as much as \$150 million tied up in stalled capital outlay projects when that money could be used right now for critical state programs.

Making Government More Efficient. It is true that the claim of making government more efficient is often reserved for political candidates, but a special panel of state government experts — led by former Governor Garrey Carruthers, who isn't running for anything — just concluded that up to \$129 million can be saved by merging departments, eliminating some boards and commissions and otherwise overhauling New Mexico government. The former governor and his team came up with that recommendation in less than six weeks, leading them to make another recommendation that the governor and the legislature spend the next six months studying how best to redesign state government. More savings could certainly be found by cutting state contracts, not filling vacant state jobs and making state buildings more energy efficient.

Avoid More Personnel Cuts. New Mexico state workers have already "given at the office". Salaries have been frozen. Deductions were increased. Hiring freezes have resulted in heavier workloads. State workers have already taken two unpaid furlough days and will take three more before June 30. While we can't afford to increase salaries or staffing at this time, we must do everything we can to avoid further cuts.

It took us years to get to this point, and our recovery will likely take just as long. While the changes we must make are drastic, our schedule for implementing them should be more cautious. That's why tax increases must be temporary, staffing cuts should come through attrition and agency mergers should be made with a keen eye toward ensuring that critical services are still provided.

As difficult as this time is, we should also recognize the opportunities that it

presents. Just as financially struggling families relearn lessons of a previous generation of thrift and home-grown entertainment, so too can government relearn lessons of ensuring that basic needs are met, prudent expansion is accommodated and accountability is restored. We must use 2010 to reshape government — wisely.

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