

We Cannot Quit on Capital Outlay Reform

By Senator Pete Campos

Over the past few years, reform of New Mexico's capital outlay system has received more and more attention. There is little doubt that our system, particularly compared to other states, needs fixing. We are the only state that expects the legislature to approve a capital outlay bill without any system for planning, vetting or selecting projects. Instead, we operate in a free-for-all system that fails to make the most of our limited infrastructure dollars.

To me, two of the most critical components of capital outlay reform are planning and prioritization. In order to make the most of our limited financial resources, we simply have to do a better job of prioritizing projects and planning them through to completion. As oil prices continue to decline, and available money shrinks even further, the need for proper prioritization and planning becomes even more pronounced.

This legislative session, as in past ones, I introduced the Capital Outlay Planning and Monitoring Act to reform this process. This bill would require local governments, which know their own needs best, to complete an infrastructure capital improvement plan each year. Legislators would then be able to identify projects that are both necessary and ready to begin. Long-view planning will include reliable estimates of a project's total cost, including long-term operation and maintenance needs, so that projects can be fully funded and maintained into the future.

The Capital Outlay Planning and Monitoring Act would also establish a new Capital Outlay Planning and Monitoring Division in the Department of Finance and Administration. This division will track the progress of hundreds of active projects, identify stagnant projects (so that funding can be discontinued or increased to complete the projects) and train state and local officials to better manage projects. The division will also be tasked to prepare and annually update a five-year "state capital improvements plan" that details the recommended capital projects. We can benefit from some other states' procedures: California recognized the need for long-term planning in 2002 and adopted a five-year capital outlay plan, while Arizona's capital outlay process includes provisions that funding will lapse if a project stands for a full fiscal year without an expenditure or encumbrance.

New Mexico currently has more than \$127 million tied up in projects that have been stalled or moving slowly since 2012. Through better planning and prioritization, we could be using that money on "shovel ready" projects that will create jobs and infuse money into communities that desperately need it. A better capital outlay system will translate into more jobs for New Mexicans, as unspent funds will not languish, but will be used for projects all over the state. A better capital outlay system will also make New Mexico safer, as crumbling infrastructure will be addressed through better planning and prioritization.

Unfortunately, as I write this, there are just a few days left in this legislative session, and I am well aware that capital outlay reform is, at best, a long shot this session. While I can accept that capital outlay reform probably won't happen this year, I want this session to serve as a boot print — a lasting impression of the progress we have made, while acknowledging just how far we have to go. For example, we have made progress by establishing guidelines for legislators to consider when allocating capital outlay.

I refuse to quit on this issue, though. For most of the 26 years I have served in the New Mexico Senate, I have tried to reform this process, and I will not stop now. True, bold change takes time and dedication. I refuse to give up because, even though the sun is setting on this legislative session, there is work we can do before the next session. We spend an entire interim taking testimony and carefully crafting a budget to fund government services, and we should do the same thing with capital outlay. By forming a capital outlay subcommittee, possibly of the Legislative Finance Committee, to carefully review our capital outlay needs, we can return for the 2017 session with a better way to leverage and fund our state's badly needed public buildings and infrastructure.

I refuse to quit because a quick look around the state reveals just how vast our infrastructure needs really are: depending on how you estimate it, New Mexico's infrastructure needs could be close to \$10 billion. Our current approach simply won't work if we are to address a sum so large.

I refuse to give up on capital outlay reform, either this session or in the very near future, because I have seen first-hand both rural and urban communities that need better roads, schools, senior centers and community centers. I refuse to quit because I know that we can improve the

process without giving up the legislative control that is so important to the process. I refuse to quit because I know we can do better.

- 3 -