

Guest Columns

After lean decade, '21 budget invests in the future

By Sen. Pete Campos / Las Vegas Democrat

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Short legislative sessions, like the one that ended Thursday, are focused on money – the spending plan for state agencies and public schools, capital outlay and other funding for new projects. This short session, much of the legislation on spending was focused on the future.

The 2020 session ended with a responsible budget that invests in public schools, accessible health care and job creation. If signed by the governor, spending on public schools would increase by 6.7 percent, with new spending targeted at services for children at risk of failing and building a high-quality teacher workforce through better pay. In a state with limited resources, the Legislature has committed to spending almost \$3.5 billion on public education because we know investing in public schools is the surest way to economic success for our children and our state. For the same reason, spending for early childhood services would also increase significantly, including by 30% for public school prekindergarten, as would spending on behavioral health care, public safety and protecting vulnerable children.

Importantly, the plan leaves an amount equal to 25% of spending in general fund reserves, which serve as a cushion if revenue falls short. Strong reserves allow the state to continue to cover basic services even in an economic downturn. Little in state budget development is more painful than pulling back essential and desperately needed services because of a bust in the oil and gas industry or a global recession. Strong reserves ensure the housebound elderly can continue to get meals at home, that medically fragile children can access health services, that tens of thousands of New Mexicans can continue to access important public services. At the same, a strong back-up plan in the form of reserves demonstrates to the bonding companies that lend the state money for big construction projects that the state is responsible, which results in a better credit rating and lower interest rates and saves the state money in the long run.

In addition to \$180 million for roads and rural air service support included in the budget bill, the two-bill capital outlay package authorizes about \$530 million for projects throughout the state – including critical needs in the Corrections, Public Safety, and Health departments – and, if approved by voters, \$33 million for senior centers, \$9.5 million for libraries, and \$156 million for higher education institutions, including tribal colleges. Though often derided as “pork,” capital outlay is critical to economic development and quality of life in New Mexico. The money we spend on traffic lights, online job search systems, museums to hold our priceless heritage and a wide range of other projects is a long-term investment in the state. Projects fuel job growth, and the dollars ripple through communities. The resulting infrastructure attracts business and helps communities thrive.

Along with the solid state budget and capital outlay packages, legislators approved a plan that makes \$115 million more in venture capital available for investment in New Mexico start-ups. Senate Bill 136, which I sponsored, raises the cap on the proportion of the severance tax permanent fund that can be invested in new companies from 9% to 11%. Combined with State Investment Council action in November, the venture capital pool will increase by more than \$300 million. This money is an investment in the future of New Mexico. An expansion of venture capital can help us diversify our economy and keep our young, most innovative, New Mexicans in New Mexico, all while adhering to prudent investment principles.

Starting with the Great Recession in 2008 and lasting until 2018, New Mexico had a financially tough decade. Critical services suffered; agencies had too few employees to be effective. This session marked the second year of an oil-boom-fueled recovery. But the good years aren't guaranteed to continue. Indeed, they are likely to pass. But smart spending, like that approved this legislative session, is an investment in New Mexicans – in the care of our youngest and our most vulnerable and in the young adults that will help build the future.