

Capital Outlay Reform

By Senators Pete Campos and Bill Tallman

The creation of well-paying jobs remains an ongoing priority for New Mexico. One way to create jobs is through effectively spending capital outlay funds to replace and repair roads, water systems, bridges, senior centers, schools, airports and other infrastructure across the state. To ensure the upkeep and modernization of these infrastructure projects, a concerted effort to reform the capital outlay program must be made to provide for economic growth and an improvement in the quality of life for all New Mexicans. Unfortunately, the current capital outlay allocation process does not provide a pathway that results in the immediate construction of the most impactful and shovel-ready projects.

Typically, after determining funding for state agency capital projects, the remaining money is divided between the House and Senate, with an equal amount allotted to each member. This process makes it possible to fund small projects that might normally be overlooked. No formal coordination, however, occurs among legislators to ensure the maximum impact of these funds by making sure that projects are fully funded. Since no single legislator is able to fully fund a large project, many critical projects sit idle for years while waiting for sufficient funding to complete the project. Processes are in place to prioritize the projects that are urgent, and non-infrastructure projects are chosen to receive funding. This type of spending does not create growth in the economy and does not solve the problem of fully funding the larger and more expensive infrastructure projects.

Efficient spending would generate more tax dollars. Every \$100 million in infrastructure spending creates approximately 2,700 jobs. The state currently has more than \$2 billion in unspent capital funds. The hardships of the ongoing COVID-19 pandemic have put a strain not only on our economy but on our workers and their families as well. Wisely spent capital outlay funds will create jobs and allow families to earn honest wages, which will also help boost the economy for years to come.

To help address some of these concerns, the legislature needs to implement a transparent, merit-based system for funding the state's infrastructure. Many proposals have encouraged either a legislative committee or a commission to hold focused public hearings. The public hearings would allow for review, evaluation and prioritization of projects based on the potential

for addressing public health, public safety and job creation, all while leveraging other local or federal matching funds. After identifying the top priorities, the committee would offer a proposal for consideration by elected officials during a legislative session.

We could also increase the amount each legislator receives to ensure that priority projects are fully funded. With the necessary tools, the capital outlay program would become less disheartening and more beneficial for all. Making capital outlay more approachable would allow us to fully use the limited money available to address critical infrastructure needs. If we do not implement a professional approach to the capital outlay process, we risk further harming the quality of the sewers, waterways, broadband and other infrastructure on which the people of New Mexico desperately depend. This legislative session, a collaborative effort from legislators will propose a new process to allocate the more than \$1 billion available for capital outlay through a comprehensive, professional and effective approach.