

# Lujan Grisham proposes \$7.3 billion spending plan

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Gov. Michelle Lujan Grisham on Monday released a \$7.3 billion budget plan in advance of a 60-day legislative session that begins Jan. 19. (Eddie Moore/Journal)

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**SANTA FE – Gov. Michelle Lujan Grisham on Monday released a \$7.3 billion budget plan that would keep New Mexico spending levels largely flat for the coming year, while authorizing hefty one-time expenditures aimed at fortifying businesses and families hit hard by the COVID-19 pandemic.**

Among the proposed one-time spending is \$475 million for pandemic relief efforts, which could include tax relief and cash assistance for essential workers, and \$10 million to expand a state broadband network that has come under scrutiny with many residents working and attending school from home.

The top budget official in Lujan Grisham's administration said the state has a much better financial outlook now than it did last summer – after a steep drop in oil prices – but acknowledged trouble spots require prompt attention.

“The pandemic really showed us where our gaps were,” acting Finance and Administration Secretary Debbie Romero told reporters during a Monday briefing.

Specifically, she cited the need to shore up public health and early childhood programs, while also pointing out a proposed \$4 million increase to address suicide prevention.

Meanwhile, the \$7.3 billion budget recommendation for the fiscal year that starts July 1 would not provide across-the-board salary increases for state employees and teachers, although some State Police officers could get raises under an already-approved plan.

But it would also avoid any budget cuts, which looked likely in September when the governor's administration directed state agencies to prepare for 5% spending reductions.

However, the state's revenue outlook has since improved due to federal relief measures and a rebound in oil and natural gas prices, making such reductions unnecessary – at least for now.

In all, New Mexico received more than \$1.2 billion under the federal CARES Act, and in a November special session, lawmakers approved spending \$330 million of that on expanded unemployment benefits, small-business grants and cash assistance for low-income state residents.

A new COVID-19 relief package could also be passed during the opening days of the 60-day legislative session that starts Jan. 19 and could include expanding a tax break for low-income families and other measures, top-ranking Democratic lawmakers have said.

Legislators will also have to pass a new balanced budget during the session, which will be conducted largely virtually due to the ongoing pandemic.

Lujan Grisham described her budget plan as fiscally responsible but said it would maintain funding for necessary state programs and services.

“The pandemic and economic uncertainty may have disrupted our forward momentum in job creation, child well-being improvements, and various other policy emphasis areas, but we are ready to bounce back quickly and robustly,” the

Democratic governor said in a statement. “This budget recommendation is our first step to position New Mexico to prosper in a post-pandemic world.”

### **No ‘major’ differences**

As is typical, the governor’s budget recommendation was released with a 60-day legislative session fast approaching.

A key legislative panel, the Legislative Finance Committee, is expected to unveil its own spending plan Tuesday, and lawmakers will then use the two competing plans as blueprints to come up with a new budget bill during the session.

Rep. Patricia Lundstrom, D-Gallup, who leads the House Appropriations and Finance Committee, said there are some differences between the governor’s budget plan and the LFC’s plan – mostly when it comes to Medicaid spending and state employee pay raises.

But she said the Legislature could consider pay raises for some state workers or teachers as a compromise.

“I don’t see any major, big-time differences” between the two plans, Lundstrom told the Journal.

She also said she was hopeful that New Mexico would receive more federal funds, which could then be used to cover some of Lujan Grisham’s funding recommendations.

Sen. Steven Neville, R-Aztec, said that there was “nothing glaring” about Lujan Grisham’s spending plan, but that disagreements could surface during the session.

The one-time spending in the governor’s budget plan would come primarily from drawing down New Mexico’s cash reserves.

But even after using roughly \$600 million for such purposes, there would still be about \$1.8 billion left in cash reserves – or about 25% of total state spending.

### **Other proposals**

In addition to broadband expansion and pandemic aid, Lujan Grisham’s budget plan also includes several other big one-time spending proposals.

Among them are \$25 million for a new state tourism campaign and \$60 million to address a court ruling on impact aid, or federal funds for school districts with tribal land, military bases or other tax-exempt lands within their boundaries.

In another education-related proposal, the Lujan Grisham administration has floated the idea of a new \$80 million fund for school districts with the lowest-income students.

That comes after a 2018 court ruling found New Mexico was not meeting its constitutional obligation to provide an adequate education to all students – especially Native Americans, English-language learners and those from low-income families.

The governor's budget plan also calls for \$20 million to be transferred from a new early childhood trust fund to expand the number of prekindergarten slots statewide and provide home visiting services to an additional 1,700 or so New Mexico families.

But it does not include more money for road construction and repairs around New Mexico, although top aides said Monday that such funding could ultimately be included as part of an annual infrastructure bill.