

# Next stimulus round offers flexibility for New Mexico

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SANTA FE – New Mexico can expect to receive a lump sum of \$1.75 billion – without many strings attached – sometime this month as part of the latest round of federal stimulus funding, according to a new report by legislative analysts.

It isn't clear yet how the money will be spent or who will make the decision. Lawmakers and Gov. Michelle Lujan Grisham remain at odds over who has authority to allocate the stimulus funding.

In any case, staff economists and analysts for the Legislative Finance Committee told lawmakers Friday that the new guidance from the U.S. Treasury Department

confirms that much – perhaps even all – of the money could simply be plugged into the state’s general fund, making it available for a wide range of purposes.

Micaela Fischer, program evaluation manager for the Legislative Finance Committee, said the federal guidance makes it clear the Legislature’s initial plan to allocate much of the money – vetoed by the governor – is permissible.

As part of this year’s spending plan, legislators had proposed using \$600 million of the federal funds to shore up the unemployment insurance fund, \$100 million for the lottery scholarship program and \$200 million for major road projects, among other priorities.

“The legislative plan is still probably a good framework to start from on how to appropriate” the money in the future, Fischer told members of the LFC meeting in Las Cruces.

Lujan Grisham vetoed the legislative stimulus plan in April, contending lawmakers had intruded on the executive branch’s authority to handle federal funds. A spokeswoman for her administration also said the Legislature’s plan was premature, given that the money hasn’t arrived yet and the detailed treasury guidance wasn’t issued until this month.

Fischer said New Mexico is set to receive \$1.75 billion – about \$130 million more than initial estimates – and it should arrive this month in one lump sum, not divided into two payments, because the state’s unemployment rate is about 3 percentage points higher than it was before the pandemic.

Spending to expand broadband infrastructure will have to meet certain internet-speed requirements, Fischer said, but the state otherwise has broad flexibility in how to allocate the money to replace lost revenue, support public health measures, improve access to clean drinking water and offer premium pay to essential workers.

The latest round of federal stimulus funding pushed the total flowing into New Mexico to about \$19.4 billion – a figure that includes direct payments to taxpayers and funding to schools and local governments.