

# **Governor Bill Richardson Receives Governor's Finance Council Recommendations to Address New Mexico's Critical Infrastructure Needs**

## **Governor Says "historic and dramatic change" is necessary**

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SANTA FE- Governor Bill Richardson today accepted a report from the Governor's Finance Council, laying out a comprehensive investment strategy to address New Mexico's critical infrastructure needs.

At a news conference at the State Capitol Governor Richardson delivered the following prepared remarks:

"I'm here today to propose change- dramatic, historic change that will not come easily, but is necessary if we are to move New Mexico forward.

Last May I created the Governor's Finance Council, a group of New Mexico's best and brightest financial minds. At my direction, the council spent the past six months working on a comprehensive plan to effectively, and prudently deal with the state's infrastructure needs.

The council is co-chaired by Dave Contarino, my Chief of Staff, and David Harris, the Executive Director of the New Mexico Finance Authority. I'd like to thank them for their effort and dedication, along with the other members of the council, many of whom are here today. I'd also like to thank Dave Miller of the Department of Finance and Administration who had a lot to do with this report.

I reminded the council of the priorities that I made clear back during the campaign, and I wanted those issues addressed in the plan:

- I am committed to a comprehensive statewide water plan that ensures an adequate supply of water for our state's economic vitality,
- I am committed to a modern, inter-modal transportation system,
- I am committed to improving education and higher education in New Mexico,
- I am dedicated to finding and creating more affordable housing opportunities for our residents, and increasing our home ownership rate,
- I am committed to creating jobs and building a high-wage, prosperous economy, and
- I am committed to reforming the way we spend our critical capital funds.

We have already seen a major success from the work of the council- the comprehensive GRIP transportation plan which passed during the recent special session.

The council's report directly addresses the priorities I described, and details strategies for accomplishing those goals.

Right now we need approximately 20-*billion*-dollars to address our critical infrastructure needs in the priority areas. The state only has about two-point-six billion in funding capacity to pay for such projects. Unless we do something dramatic, many important projects will never happen, or will take years longer than they should. Our state will continue to lag behind. We'll be working the federal government, as well as local and tribal governments to form strategic partnerships to close this funding gap. In addition, I support the council's recommendation to form a new partnership with 100 New Mexican businesses and individuals who can help us find solutions, and money.

It's time to bring direction and discipline to the way we do business, and to the way we allocate capital funding.

Indications are that in the upcoming session of the legislature, the state will have more than 440-million dollars in available capital funding. We have a unique and historic opportunity to spend this money wisely, in ways that will truly move our state forward.

## **The Problem**

The way we currently fund capital projects- One-third for the Senate, one-third for the House, and one-third for the Governor- isn't working. Too much money is spent in a haphazard way on small projects, some of which never even get built, while critical infrastructure needs go unfunded, or underfunded. We must bring an end to our tradition of wasting precious funding on projects that can't be done, aren't ready, or aren't wanted:

- 61% of the projects approved and funded in 2002 have not requested any of the money
- 28% of the projects approved and funded in 2001 have not yet spent any of the allocated money
- the same with 27% of the projects approved and funded in 2000

In addition, we're borrowing money through the sale of ten-year bonds, reducing our bonding capacity, to pay for things like

- a temporary speed bump for two-thousand dollars
- volleyball equipment for two thousand dollars
- band instruments for 45-hundred dollars

I'm not saying these things aren't important, we just shouldn't pay for them with a ten-year loan. You wouldn't do that with your personal finances, we shouldn't do it with state funds.

## **The Plan**

Any good business has a strategic business plan for capital investment- New Mexico needs one too.

- I'm proposing we take the first 50 percent of our capital outlay budget and spend it on statewide priorities, such as water and sewer projects, public schools, and higher education. Priorities will be determined by me, and the legislature.
- The remaining 50 percent will go toward significant community projects and state facilities that also meet a strict set of criteria that my finance council members will outline in a moment.

This is a radical change from the way it's done now- one-third for the Governor, one-third for the senate, and one-third for the house- and may not be popular among legislators who believe funding small projects year to year is the only way to get re-elected.

Truth is, this change should be easy to accomplish. It doesn't require a change in law- only a consensus between the legislature and me. There's no reason it can't be done in time for this session.

Some are calling this a "power-grab" by me. This is NOT true, and is simply a smokescreen by the opponents of change who are unwilling to sacrifice unworthy pork.

I pledge to work with the legislature- and local partners- in a cooperative and positive way, to develop a process that funds needed projects and creates jobs, not just hands out money."

*You can access Governor Richardson's Finance Council's full report and the "Invest New Mexico" plan on the internet. Go to the Governor's web page at [www.governor.state.nm.us](http://www.governor.state.nm.us) and click on "Invest New Mexico".*