



State of New Mexico

Office of the Governor

Bill Richardson
Governor

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Governor Bill Richardson delivers State of the State address

SANTA FE - Governor Bill Richardson today delivered the 2004 State of the State address to a joint session of the New Mexico Legislature. The Governor's address marks the official start of the Legislature's 30-day session.

Governor Bill Richardson's State of the State 2004

Lt. Gov. Denish, Senate President Pro Tem Romero, Speaker Lujan, Democratic and Republican leaders, esteemed members of the New Mexico House of Representatives, and the New Mexico Senate, honorable members of the judiciary, former Governors, distinguished guests and my wife, lifelong partner and best friend Barbara, today we pause to mark an extraordinary year in the history of this great state.

It's great to be a part of leading New Mexico in 2004. We have one of the strongest economies in the nation, we are riding a crest of jobs growth, we are launched on an unprecedented effort to fix our schools, we have caught the attention of the nation and the world as a place where the action is, a state on the move.

A year ago, I stood in front of this Legislature and said 'Give me the tools and I'll give you the results. You did, and I did - and we got results together, as bipartisan partners. The partnerships we built are not temporary alliances of political convenience, they are built on trust and shared vision for the long haul --A better New Mexico-- with better jobs for our people, better schools for our children and more money in the pockets of New Mexicans.

We worked together last year in passing an ambitious legislative program for moving us ahead. 2003 marked the end of political gridlock--The rebirth of bipartisanship on behalf of the people of New Mexico. You as a legislature passed fully 90% of my priority legislation.

- We cut taxes for New Mexicans--a unique cut in the nation that made us the talk of the country's financial circles.
- Passed Dramatic School Reform
- Gave teachers-the cornerstone of our educational reform-a dramatic salary increase
- Shifted educational dollars from administration to the classroom
- Passed legislation to aid victims of Domestic violence and toughened penalties on abusers while mandating treatment.
- Passed legislation to create a statewide comprehensive water plan- and this past year we wrote it, outlining a detailed strategy to conserve our water, the lifeblood of New Mexico.
- We toughened DWI and sex offender laws by passing stronger penalties. As you know the courts have tried to thwart our will on DWI. We can't let that happen. I am asking you to pass and send to me the DWI bill before the end of the week so that the guilty will be properly punished. This is the first step in my assault on DWI. Together we can pass the toughest DWI laws in the nation and make our highways safer for all New Mexicans.

I promised to work hard every day for the people of New Mexico and I needed the tools to get the job done.

You gave us the tools, and we have used them to make a difference and to move New Mexico forward.

- We have added 12,000 new jobs -- jobs all over the state. Economic development - putting more money in the pockets of New Mexicans - will always be a priority.
- -- I promised last year that we would examine the fiscal responsibility of every corner of state government, and the result is millions of dollars in taxpayer money saved. We've collected more than 30-million-dollars in back taxes to date, well on our way to our goal of 50 million. We're also saving by eliminating or modifying bad state contracts, finding savings in state telecommunications services and seeking out inefficiencies and bad fiscal management in all corners of state government. We will never abandon our focus on eliminating waste and fraud from public spending, and governing with true fiscal accountability.
- And I promised I'd work to build a high-wage economy for the long haul. Last month we unveiled "Invest New Mexico", a 20-billion-dollar strategic infrastructure plan involving public-private partnerships to ensure New Mexico doesn't lag behind.

The first important achievement was passage of a dramatic transportation investment program during the special session. Highway improvements, passenger train services are on the fast track. First from Belen and Bernalillo into Albuquerque, later from Belen through Albuquerque to Santa Fe and ultimately from Eldorado into Santa Fe, New Mexicans will soon have the option to take the train, reducing air pollution and relieving

some of the pressure on our highway system. A sound, safe and modern transportation system is the vital underpinning to a strong 21st century economy.

--We have spread the word far and wide that New Mexico is open for business and will provide a welcoming climate for companies seeking good workers and a great quality of life for their employees. As 12,000 new jobs make clear, the word is out and the responses are coming in.

-- We have tightened sanctions against the crimes -- DWI and sexual predators -- that inflict the greatest undeserved anguish on our families. That work continues. Nothing can be a higher priority than protecting the health and safety of New Mexico's families.

--We have opened new, mutually respectful lines of communication with our Indian tribes and pueblos so our different governments can work together to improve economic opportunity for all.

--We completed negotiations on a state employees union contract, fulfilling the mandate of the Legislature in returning collective bargaining rights to state employees and giving our state workers the right once again to enjoy the benefits of union membership.

On health care, we passed legislation to secure lower prescription drug costs for seniors and funded efforts to recruit and reform health professionals. Yet, providing for the health of our most vulnerable citizens presents one of our greatest fiscal challenges.

On education:

--As a result of the passage of the education amendments approved by New Mexico voters last year, education is a blank slate on which we will write a new governance plan together. It is a unique historical opportunity to put our education system on a path to excellence. But, we're already moving ahead on education reform.

I announced last week a pilot program that will bring basic change to how mid school and high school students learn. More than 700 students and 80 teachers will receive laptop computers in the first phase of this initiative. Eventually, I want every 7th grader to have one. Every teacher in every discipline - math, languages, social studies, history - will be trained in how to make use of the computer and the internet directly in their subject areas.

Next, we will develop an early childhood educational program that will be the envy of the nation.

We are well on the way to implementing multi-agency anti-truancy programs in all of New Mexico's school districts. There is much yet to do - in addition to crafting a new governance plan. I'll have more to say about what's to come in a moment.

The School Improvement Act of 2003 set ambitious goals for school reform. It also created a three-tier licensure system for New Mexico's teachers - a system that will recognize and reward excellence in the profession.

And let there be no misunderstanding- **I support funding art in the school, but in every school.** Art *will* be funded at the end of the process, and in a comprehensive manner.

On the economy:

--We have spread the word far and wide that New Mexico is open for business and will provide a welcoming climate for companies seeking good workers and a great quality of

life for their employees. As 12,000 new jobs make clear, the word is out and the responses are coming in.

--We have brought a new vitality to trade and cultural contacts across the New Mexico-Chihuahua border. I met personally 12 times with Mexican officials - including three meetings with President Vicente Fox - to help grow this vital trade link.

--Hollywood once again knows the way to New Mexico, thanks in large part to our film incentives program. We hosted nine productions in 2003. Spending increased from \$8 million in 2002 to \$80 million last year, a 1,000% increase in one year. We have the most competitive set of incentives in the country, and we created an on-the-job training fund to encourage film producers to hire and train New Mexicans. That, in turn, will build our available pool of trained movie industry workers.

As we expand our economy, we must always remember that the great natural beauty of New Mexico, the pristine gift of our land and sky is who we are-loving and protecting our land, air, and water pervades every aspect of what it means to be a New Mexican.

We are expanding and creating new state parks, because there is no greater responsibility given to government than the preservation of our environment-our way of life. I will never shirk from that responsibility.

On health care:

Shoddy contracts and poor financial management by the previous administration have lost the state tens of millions of dollars in matching federal funds. We're working through the mess and have put real systems of accountability in place as we provide health care services to hundreds of thousands of New Mexicans.

These are just a fraction of the many achievements of 2003. There has been so much more- From creating new home ownership opportunities for teachers, nurses and police to fighting to protect our military bases---from expanding childcare to providing millions of dollars to our local communities for Homeland Security and fire protection---we made a difference. But we can't pause too long to pat ourselves on the back. We've got things moving -- but we must keep pushing so we don't lose momentum.

Last year, many people thought it was the **Year of the Governor**. This year, let's make it the **Year of the Legislature**. We're in agreement on the majority of priorities facing New Mexico. Let's work together to implement our vision.

I have a plan for the next push for moving us forward together, and much of it includes your ideas. We have a year's experience working together -- and now let's make a commitment for the next 30 days to work for the betterment of all New Mexicans.

Education

Education will continue to be *the* top priority for my administration. I am committed to keeping the focus on improving student success, and effectively and responsibly implementing critical reforms for public education. My education goals are straightforward-

1. Improve student test scores,
2. Provide a quality teacher in every classroom,

3. Increase graduation rates, and
4. Make every school dollar count.

My education plan provides for retention of quality teachers, completes the implementation of statewide full-day kindergarten, creates an extensive student testing program to accurately gauge student progress, and puts in place significant reform initiatives such as family resource services to meet student social service needs, taking the pressure off teachers so they can concentrate on teaching our children.

My proposal includes approximately \$90 million in new dollars, a significant increase from the last year. The state is responsible for providing a quality education for over 320-thousand students in 740 schools in 89 school districts across New Mexico, and our schools need *every dollar*.

Over 50% of the new dollars are allocated to improving educator quality and adequately compensating teachers.

I'm proposing 46-million-dollars from the general fund to support schools in meeting the basic costs of "opening their doors" and operating the public school system. This includes the final phase-in of full-day kindergarten for New Mexico kids.

My plan would also use an additional 44-million-dollars in Education Reform Funds to support key initiatives, including:

- Implementing the first and second steps of New Mexico's three-tiered teacher licensure system;
- Strengthening Indian education including increasing the numbers of Native American teachers and administrators;
- Strengthening rural education programs- I promised our rural communities would not be forgotten by this administration, and I am keeping that promise;
- Expanding New Mexico's educational accountability efforts; and
- Reducing student truancy and dropouts in New Mexico's schools.

The remaining 35-million dollars should be put in an "Education Lock Box". Voters' message to me was clear: **spend reform dollars wisely**. We must make sure sufficient funds are available to support the three-tiered salary structure and other reforms into the future.

I am proposing a 4-percent one-time bonus for teachers and other licensed personnel, and a 2-percent one-time bonus for other educational employees. We are undertaking a performance review of the Public Education Department to uncover and eliminate waste and duplication, and find better, more efficient ways to do business. Once the review is complete, I will work hard to make these raises permanent, and build them into future budgets.

I am a strong supporter of charter schools. They provide opportunities for students to connect with the education process, and find a path to success. The 27

Charter schools across the state are showing tremendous promise as alternatives for families who want something different - within the public school system -- for their children.

I'd like to introduce a very special woman who I met last year. She's a product of New Mexico's public schools - she went from Albuquerque's West Mesa High School to earn degrees from Stanford and Harvard.

Please welcome Katarina Sandoval to the Capitol.

You know what Katarina did after earning those stellar credentials? She returned to Albuquerque's South Valley to give back to the community where she was raised. And she helped start the South Valley Academy - a charter school.

But the problem - the same problem all other charter schools face in New Mexico -- is the lack of any public money to help pay for classrooms - the bricks and mortar. I want to help charter schools like the one Katarina started.

I promised to allocate additional resources for charter schools, and to help provide them a more level playing field with other public schools. I am proposing that we invest 27-million dollars in capital money to help create charter-vocational schools, and help other charter schools get to more equal footing with traditional public schools. Let's take down the roadblocks to charter schools.

Let's talk about higher education.

New Mexico's colleges and universities educate our kids, improve our standard of living, and serve as a linchpin for research and innovation.

My higher education goals for the coming year include

- Maintaining affordability for all New Mexicans
- Developing a coordinated K-20 system of education
- Linking all funding to performance
- Strengthening campus infrastructure plans

Included in my budget proposals are a number of strategies to help us accomplish these goals, and continue to provide a quality education to New Mexico's 120-thousand college students:

- My plan limits tuition increases to three percent, while keeping open all financial assistance options for our students. I want to expand the lottery success scholarship program to provide more opportunity to lower income New Mexicans. We can afford it, and we must not shirk from our responsibility. My plan fully funds the new higher education formula, and provides a one-time four percent bonus for faculty, and a two percent bonus for other employees.

Economy

New Mexico is taking steps toward competitiveness in the regional, national and global economies. By attracting high skill-high wage industries, cutting taxes, investing in innovation, providing access to capital and investing in infrastructure. New Mexico's economy is clearly on the Path to Progress, and to keep it going we must

- Cut taxes
- Invest in infrastructure
- Provide access to capital

- Train a competitive workforce
- Continue to increase trade with Mexico and other nations

We must continue to cut taxes, reform the tax code and invest in infrastructure by fully implementing year two of the personal income tax cuts enacted in 2003. I will also pursue targeted tax reform initiatives during the 2004 legislative session, including tax credits for creating high-wage jobs and technology start-ups.

I say to the legislators- **Let's cut the tax on food and the tax on medical services.** I promise to work with you to find a way to pay for these cuts, but let's get it done, now, during this session, to help improve the quality of life for all New Mexicans, especially those who need it the most.

Let's continue to increase trade with Mexico, expand tourism, protect our military bases and revitalize Native American economic development by funding the Main Street Program, the marketing efforts of the Tourism Department and by expanding efforts at the Trade Division of the Economic Development Department. We will work tirelessly to protect our military bases from closure.

We'll continue to recruit high wage industries, expand New Mexico companies and grow the New Mexico film industry. We'll do it by sustaining efforts in business marketing and recruitment, investing in workforce training and in-plant training, expanding efforts of the Film Division of the Economic Development Department and funding the New Mexico Film Advisory Board.

Film

Our bold film industry initiatives and aggressive marketing have captured the attention of the entertainment industry, and created hundreds of new, high-wage jobs for New Mexicans. These jobs aren't just numbers-they're filled by real people.

I'd like to introduce Elizabeth Gabel, a mom-returning-to-the-workforce, who took advantage of our mentorship program to help get her foot in the door of the film industry as a producer. Please give Elizabeth a hand.

Elizabeth always dreamed of becoming a producer, but chose to focus on being a mother to her three children. But this year, with state training and mentoring, Elizabeth produced the acclaimed Hunger Documentary created for the Governor's Hunger Summit that aired on public television.

She went on to work on the upcoming movies "Mall Cop" and "Mojave". And she's working again for the state on a media campaign for a truancy project. I'd say she's on her way to becoming a producer.

I want to create opportunities for more New Mexicans, like Elizabeth, to help make these films, in front of and behind the camera.

- I'm proposing we allocate ten-million-dollars to design, plan, and build a film training institute, to train New Mexicans in every facet of film production.

My goal is to turn New Mexico into a media center, capable of producing every kind of television or movie project, film, video, or digital, from start to finish.

Water

Water still remains the key to our future - and committing the resources to use it more wisely, stretch it farther and conserve it better is a critical priority. We have \$2.7 billion of community water and wastewater needs to be met between now and 2007. We must commit the resources, and put a funding plan in place to address those needs.

My 2004 capital budget more than doubles the funding for the Water Project Fund, allocated by the state Water Trust Board. I'm also proposing we allocate 30-million-dollars to create a Water Innovation Fund. The money will be used to fund promising water delivery, conservation, and reuse projects across the state.

I want every water system in the state to develop a comprehensive water management plan, and when possible, work with other communities to develop regional systems that combine resources. The Water Trust Board and New Mexico Finance Authority will process all water projects, and expect communities asking for help to come to the table with local financial contributions to combine with state and federal resources.

Energy

New Mexico has long been recognized as "The Energy State" and for good reason. We are fortunate to have some of the best oil, gas, and coal reserves in the country. But it's high time we develop our world-class clean, renewable energy resources to their full potential. We must do this to protect our precious natural resources and wildlands, and reduce our country's dependence on foreign oil in these uncertain global times.

I want more tools to help expand our renewable energy capabilities for the long haul and help the existing efforts move forward.

Thanks to the leadership of our state's two largest utilities, wind power is being supplied to our homes and businesses right now. Solar power, however, is another story. New Mexico ranks 2nd in the nation in solar energy potential, but to date, has done little to capitalize on this abundant natural resource.

Therefore, I am forming a Solar Power Task Force to identify a commercial-scale solar power project by the end of the year that would be under construction by 2006. It is a challenge that will take a commitment from both the public and private sector to succeed. The rewards can be substantial, in high-wage jobs and economic development.

I am also proposing a \$6 million capital projects package dedicated to incorporating energy efficiency and renewable energy technologies at state facilities and public schools throughout New Mexico. This will save taxpayers and school districts money by reducing energy costs. Government should also lead by example.

As Chair of the Western Governor's Association, I am bringing a North American Energy Summit to New Mexico this April. Energy and political leaders from the United States, Canada, and Mexico will convene to develop strategies to ensure that our continent enjoys a secure, abundant, affordable, and environmentally responsible energy future.

Keeping NM Safe

I consider the health and safety of our citizens my most important and sacred responsibility. And I consider the biggest threat to the safety of our citizens to be

D-W-I.

D-W-I is a non-partisan crisis in New Mexico, and the human toll cuts across party lines, ethnicity, economic status- it is devastating, and unacceptable. When will we finally say enough is enough, and truly take action to stop drunk driving? I say, RIGHT NOW.

I call on the legislature to do the right thing, and immediately pass the technical correction to fix the stronger laws we passed last year. Pass my new D-W-I package THIS WEEK. Delay will result in more deaths and more heartache for New Mexico families.

Again, I want more tools- in this case tough, new laws increasing penalties for those who drive drunk and kill or injure. I propose multiple D-W-I offenders forfeit their vehicles- let's take the weapons out of their hands. My D-W-I package contains stronger penalties for those who drive drunk with children in the car. And there are new, serious penalties for those who provide alcohol to our children. Ladies and Gentlemen of the Legislature, pass these laws. Show New Mexico that we can come together to save lives by taking tough, swift action to reduce D-W-I. Let's have something better to say to the survivors of D-W-I victims than "I'm sorry for your loss".

Survivors like the parents of Danielle Romero, the beautiful Placitas teen-ager who was killed by a drunk driver in a head-on collision in 2002. I'm sure most of us here today saw Danielle's grieving, heartbroken parents on TV, and in the newspapers last week when a judge sentenced the drunk driver to the maximum six years in prison. Six years for killing Danielle, a bright, talented, loving girl who until that horrible crash, had her whole life in front of her. The driver got six years for choosing to drive drunk- Danielle never had a choice, and now her parents will spend the rest of their lives mourning her loss.

Danielle's parents, Leo and Tina Romero, are here with us today. Thank you for coming. Thank you for your courage.

I'm asking legislators to dramatically increase penalties for killing or injuring someone while driving drunk. Some people think that's too harsh. I think it's the right thing to do. Show the Romeros that you agree. Tina Romero said her daughter's death was no accident. She's right. It isn't an accident when you get behind the wheel and drive drunk. I want to say loudly and clearly, if you drive drunk in New Mexico and you hurt or kill someone, the full force of New Mexico law will land on you.

Our problems with alcohol abuse aren't limited to D-W-I. Experts report the majority of domestic violence incidents start with, or are exacerbated by drinking. That's why my proposals incorporate domestic violence into increased training for law enforcement officers, tougher penalties for offenders, and increasing treatment options to deal with the underlying problems. I also want to amend our stalking and harassment laws to prohibit electronic, or "cyber" stalking.

We're cracking down on illegal drug labs- these dangerous, makeshift factories are popping up almost daily in neighborhoods across our state. In addition to the deadly product they produce, the labs are a danger to nearby residents, and anyone in the house, including children. Our State Police are targeting these illegal drug labs and will throw the book at anyone making drugs, and raise the penalties for those doing so with children present.

Our State Police are a key part of our crime fighting efforts, as well as helping maintain homeland security. They deserve our respect and our thanks, and even in these tight budget times, I'm proposing to give them a 5 percent raise to help recruit, and especially retain, the best officers.

Under the capable hand of General Annette Sobel, The Governor's Office of Homeland Security has administered millions of preparedness dollars to local communities to equip our first responders.

General Sobel also oversees the Office of Military Base Planning and Support, which is leading our efforts to keep New Mexico off the list of base closures that will be announced in 2005.

Capital Outlay Reform

--Ladies and Gentlemen of the Legislature, we need a new way to allocate our precious capital resources. Let's make funding really work for local projects. For the projects that local entities consider priorities. And for the projects that can help boost the economic development of the state.

Let's replace the current political formula with a new formula that the Executive and the Legislature develop together, a strategic approach that maximizes our capital spending to ensure that critical projects get built, with fully one-half to public schools, higher education and water projects.

The other half should go to local projects and state-owned facilities around New Mexico, with some ground rules so projects actually get built. We have millions and millions of capital improvement dollars sitting around unused while priority projects go unfunded. Let's work together-you know best what your districts need. Let's make sure the true priorities in your districts are funded. I propose to use funds from non-recurring general fund sources for the smaller projects that need a state boost.

Caring for Kids

267-thousand New Mexico children receive Medicaid health care services. While we're facing an explosion of Medicaid costs that are straining our budget, I pledge to protect Medicaid eligibility levels for children.

I'm proposing to increase Medicaid by providing approximately \$55 million in new state funds to match federal funds. I want to also continue our focus on raising childhood immunization rates in New Mexico. Immunizing more of our children today means we'll have healthier, more successful citizens down the road.

Healthcare/Medicaid

I have two defining goals in health-care reform: *decrease* the number of uninsured New Mexicans - and *increase* access to affordable health care for all. Health care is a shared responsibility of governments, employers and individuals and their families.

There is no single global fix for the health-care problems facing New Mexico. I have four specific proposals, all of which have been endorsed by my Health Care Coverage and Access Steering Committee and the Legislative Health and Human Services Committee, chaired by Sen. Dede Feldman:

--A Comprehensive Statewide Strategic Health Plan to address obesity, hepatitis C, and diabetes.

--A Health Care Purchasing Authority for existing public employee and retiree health care. I am talking about a consolidation of the administrative functions of public health-care purchasing - not putting all publicly insured persons into a single health plan to maximize our leverage.

--Our third proposal is a state oversight reporting requirement for hospitals and long-term care facilities when they close or change their status.

--And lastly, I want to create a new way to consolidate mental health and substance abuse into a single comprehensive advisory structure.

It will not be quick and it will not be easy, but we must have the best efforts of everybody involved in health care - from consumers to HMO executives - if we are to find ways to attain my goals of wider coverage and greater access.

The Health Care Purchasing Authority would pool the administrative functions of the General Services Department, the Public School Insurance Authority, the Retiree Health Care Authority, and Albuquerque Public Schools. We combine them as one, but they will not purchase as one. But together they will have real bargaining power, and will hold down administrative and health care costs.

There are more than a dozen different state agencies currently purchasing behavioral health services for state employees, or for clients of state agencies or programs. By drawing all state purchasing of behavioral health services into a single plan, the state can streamline the process, get more bang for the buck, and more closely monitor the results.

I want to immediately create a common plan and structure to address the mental health and substance abuse therapy needs of New Mexicans, and have a draft ready to review by March, a request for proposals out by September, and the system up and running by July of 2005.

Of course, a key part of access to health care for many New Mexicans is Medicaid, which is also our biggest health care challenge. Costs are soaring, while the federal government has basically left states to deal with the situation on their own.

First, we're working diligently to uncover and eliminate fraud, abuse, and errors in the Medicaid system. In the first six months of this fiscal year we have recouped more than 900-thousand dollars, more than twice the amount of all of last year. We anticipate recovering another 761-thousand-dollars from referrals we have made to the office of the Attorney General. We will continue our efforts to stop wasting taxpayer money and recover it from those stealing from the system.

Overall, I am proposing to increase state Medicaid funding by 55-million-dollars. However, what has gotten all the attention is the 3-point-five percent *decrease* I'm asking for in provider fees, while protecting services and maintaining eligibility.

If we don't control Medicaid costs now, we will face cutting eligibility and services down the road. Other states have already done it. We have to pay for these programs, and this is the most fiscally responsible way to do it.

I've heard some say we could use capital funds to pay for Medicaid, and put off the tough choices until next year, or make deep cuts in eligibility and programs. I say we restrain costs and maintain benefits now, while working to create more access in the long run for working New Mexicans through my healthcare purchasing collaborative.

Close

We had a great first year. And I have great expectations for this year, and the years to come. Together, we can continue the dramatic progress we have made.

Some will grumble that I am moving too fast, and trying to do too much. But there is much we need to do, much we need to change.

And despite what you've heard, I DO plan to stay. I made a promise, and I plan to keep it. As I've said, this is the best job I've ever had, the best job in the WORLD.

Now it's time to get to work on behalf of the people of New Mexico. Ladies and Gentlemen of the Legislature, let's show them we can continue to work together to improve the lives of all New Mexicans, and build success for the future.

Thank you.