



For Immediate Release
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Contact: Alarie Ray-Garcia
(505) 476-2248

Governor Bill Richardson Proposes Budget Balancing Plan

SANTA FE-Governor Bill Richardson today proposed his adjusted plan to deal with the state budget shortfall as lawmakers head into a special budget legislative session. Governor Richardson spent the day laying out his plan to lawmakers and stressing his priorities of saving jobs and making sure education is not harmed by major cuts.

“I have made adjustments to my original budget proposal to reflect our new budget realities. But just like my original plan, this is a fiscally responsible package with minimum cuts to services and one that avoids layoffs and furloughs,” Governor Bill Richardson said. “I have made it very clear to legislators that any cuts to education must be minimal and not affect our classrooms, kids and teachers.”

“We are able to minimize education cuts and protect classroom spending as a result of our aggressive efforts in the past to keep cash reserves at 10 percent or higher,” Governor Richardson said. The Governor’s \$617 million plan relies partially on those rainy-day reserves to protect schools, while still keeping future cash reserves at a prudent 5.5 percent. The plan is as follows

- Cut Agency Spending by 3.5 %
- Cut Education Spending by 1.5%. Cuts must include safeguards that classrooms, kids and teachers will not be affected.
- Use federal stimulus money to prevent further cuts to education
- Divert available short-term bonding proceeds from future capital projects to reimburse general fund for existing capital expenditures
- Deauthorize stalled capital outlay projects; cancelling the Governor’s projects as well as those of lawmakers
- Delay General Fund increases to retirement and Retiree Health Care Authority funds
- Sweeping state accounts of unspent money

Governor Richardson also reiterated today that tax increases will not be considered during the special session, something he and legislative leaders had already agreed to. However, he said that he will consider a tax package in the upcoming regular session in January.

“It would be irresponsible to rush into any revisions to the state’s tax code and any changes now would have little effect on the current budget year,” Governor Richardson said. “I will consider revenue enhancements during the January session as long as they have gone through a thorough review between now and then and can be proven to have a lasting positive effect on the budget.”

The Governor’s special session proclamation is attached.

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