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# Balancing act a bad idea

## Governor's budget plans are inadequate



The Legislature is set to meet in a special session beginning Oct. 17 to consider how to deal with New Mexico's growing budget deficit. There appears to be no consensus about how to fix the state's budget woes.

Currently, four proposals have been made public – three from legislative leaders and one from the governor. Gov. Bill Richardson's plan, outlined last month, would reduce shortfalls by \$450 million by cutting spending by 3 percent, excluding public schools. Based on an estimate released last August, the shortfall had been estimated at \$433 million. Unfortunately, word from Santa Fe is that a new shortfall estimate to be released shortly will be \$650 million.

Legislators have presented three alternatives for cutting the deficit, none of which are pleasant. Particularly controversial is a plan that would cut state employee salaries by 2.5 percent. Another plan proposes cutting state programs excluding schools and Medicaid by 16 percent. A third plan would impose an across-the-board cut of 4.7 percent.

The legislators' proposal to cut pay is particularly galling for state employees. Pay raises during the last few years have been quite small. So small, in fact, that many state workers have found their take-home pay falling as health insurance costs race out of control. University employees effectively took a 1.5 percent pay cut earlier this year when the state's contribution to our retirement plan was cut.

Dramatic cuts in funding, whether targeted or across the board, are also a bad idea. Proposed cuts would top cuts already enacted during the 2009 regular session. Cutting services during an economic downturn means cutting the

social safety net just when it is most needed.

So what to do? An obvious solution to the state's budget problems, an option already adopted by 37 other states, would be to raise taxes, an alternative that neither the governor nor legislative leaders favor. In fact, the tax cuts enacted in 2003 have cost the state more than expected, creating a structural deficit that now is apparent in the form of large budget shortfalls. Reversing the income tax cuts would generate an estimated \$450 million, according to New Mexico Voices for Children.

New Mexico's 2003 personal income tax cuts disproportionately benefited the wealthy. Deep cuts to education, health care and public safety would disproportionately harm the poor. What is clear is that all four of the major proposals would disproportionately harm those who benefited least from tax cuts.

The current recession has forced many states, not just New Mexico, to think seriously about the right mix of private and public. The correct balance is often a tough call. One can argue that government programs are too generous or taxes are too high. But here in New Mexico, we have already cut taxes and spending. Additional cuts will almost surely slice into tendons and bone, impairing the ability of the state to provide needed services.

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