



PRESS RELEASE

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Report: NM state budget crisis likely to last through FY11

ALBUQUERQUE—The latest revenue forecast to come out of Santa Fe shows the state in a budgetary decline for the next two fiscal years. A report released today by the Fiscal Policy Project, the research and analysis program of New Mexico Voices for Children, says that the state's revenue levels have fallen below what they were for fiscal year 2008, and won't top those levels again until FY12.

"This is nothing short of a crisis," said NM Voices Research Director and report author Gerry Bradley. "The Legislature will have some tough choices to make come January," he added.

The report blames the revenue shortfall on a number of factors -- the dropping prices in crude oil and natural gas chief among them. "Oil and gas prices have created a budgetary roller coaster," said Bradley. "The income tax cuts of 2003 made us more reliant on revenue from oil and gas extraction, but prices for those commodities are based on international influences that are far beyond our control."

A spike in crude oil prices this past summer had the Legislature looking for ways to spend the new revenue, but it quickly dried up. The current national recession and credit crunch adds to the state's precarious budget situation.

The report also offers some policy recommendations. Essentially, it discourages spending cuts, which deplete safety-net programs at precisely the time when the need for them increases, in favor of raising revenue by replacing some of the progressivity -- or fairness -- that was striped from the state's tax code in 2003. Programs that draw down federal dollars -- such as Medicaid and Food Stamps -- should be maximized, because they create significant economic activity within the state.

The executive summary is attached as a pdf document. Both the executive summary and full report are available online at <http://www.nmvoices.org/fiscalpolicyproject.htm>

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New Mexico Voices for Children is a nonpartisan, nonprofit organization advocating for policies to improve the health and well-being of New Mexico's children, families and communities.
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