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In Case You Missed It

Abq. Journal Editorial: Stimulus Is Funding State Spending Spree

A year later, and the term “shovel ready” is replaced all too often with “this is not what I expected.”

Albuquerque, NM—Marking the first anniversary since President Obama signed into law the \$787 billion stimulus package (a price tag which has since been revised by the Congressional Budget Office to cost approximately \$862 billion), today, the *Albuquerque Journal* ran the following editorial.

Keep in mind that this is the same stimulus bill which freshman lawmakers Harry Teague (D-CD2) and Martin Heinrich (D-CD1) touted last year. Heinrich claimed that the package would provide “**swift economic relief**” and Teague predicted that the stimulus would give the economy “**an immediate shot in the arm.**” (“New Mexico House Delegation Outlines Economic Recovery Package,” Press Release, Rep. Martin Heinrich, 1/27/09)

On the state level, last year Lt. Governor Diane Denish held a series of meetings on the stimulus package, noting that she assured the state’s congressional delegation “**we have shovel-ready projects important to our state and to keeping New Mexicans working.**” (“Lt. Governor Denish Calls Meetings with New Mexico Delegation Very Productive,” Press Release, Office of Lt. Gov., 1/8/09)

Since the stimulus was signed into law, over 23,000 jobs have been lost and unemployment has jumped 3 points.

Today’s editorial is printed below in its entirety.

Albuquerque Journal

Read online at: <http://www.abqjournal.com/opinion/editorials/172138171487opinioneditorials02-17-10.htm>

Wednesday, February 17, 2010

Stimulus Is Funding State Spending Spree

It's been a year since Congress passed the \$787 billion stimulus package that was sold as a way to recover from the economic crash and its resultant high unemployment.

President Obama initially argued it was needed to keep unemployment below 8 percent. By the time it was signed into law in February, the jobless rate was at 8.9 percent. So much for economic predictions.

Those days, "shovel-ready" was a more popular phrase than "hot fudge sundae." And the expectation was the United States would be investing its money into projects that would both benefit the nation in the long run and provide employment until things got better. Sort of a Works Progress Administration for the grandkids of the "Greatest Generation."

Enter stimulus 2009. Unemployment nationally is now about 9.7 percent after peaking above 10 percent — and it's not expected to drop much very soon. In fact, the slight drop may largely be the result of people who simply quit looking. About \$271.6 billion has been paid out to states, counties, school districts and other agencies at all levels.

But what has it bought? A year later, and the term "shovel ready" is replaced all too often with "this is not what I expected."

Take New Mexico, where the list goes on and on:

The University of New Mexico plans to use \$3.7 million in stimulus to help plug its budget hole.

Dozens of grants to universities and other agencies read like science fair entries and should provide some work for graduate assistants and their professors. UNM, for instance, is getting \$184,986 to study beaver dams at Yellowstone Park in Wyoming. The Santa Fe Institute is getting \$500,000 to examine "the role of memory, individual decision-making and conflict strategies in generating cascades and tumultuous periods" to use in resolving major conflict.

The Department of Health used stimulus to pay for 5,670 doses of shingles vaccines. That's a fine idea, but it doesn't really fit the notion of long-term economic impact and jobs.

Then there's \$643,000 to shore up the budget of the Rail Runner and keep it running on Sundays, which points to a major defect in the stimulus program.

According to former New Mexico Gov. Toney Anaya, who agreed to take on the thankless task of coordinating stimulus in the state, only 40 percent to 50 percent of the money sent to New Mexico is expected to be used for actual job creation/saving, and not much of that is going to buildings and projects with long-term employment potential. In total, just \$1.26 billion out of an expected \$3.46 billion to the state is to go for infrastructure — think "shovel ready."

Much of the rest is what could be called budget backfill. Paying today's bills with one-time money. Actually today's, yesterday's and tomorrow's bills.

The state plans to use stimulus to pay for shortages in the fiscal year that ended June 30, the current fiscal year and fiscal 2011. All told, the state plans to use more than \$400 million to cover shortages in its general fund; one-time fixes with one-time money.

If this influx was accompanied by a change in behavior, that would be a good thing. But it's not. And stimulus money is being used similarly in other states.

Anaya's job is not to distribute money, but to encourage state and local agencies to apply for it, help them with the paperwork and then track it. So far, he's doing a pretty good job: New Mexico ranks among the top 10 states per capita for money coming in.

But as governments from Santa Fe to local school districts use stimulus money in an attempt to balance budgets without enough spending cuts, it just puts off the pain to another day when there won't be any more "free" federal money to backfill those holes.

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