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## Capital outlay allocation not necessarily equitable

By Sandra Fish, *New Mexico In Depth*

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New Mexico lawmakers say it's fair the way they divvy up tens of millions of dollars each year for everything from new and renovated buildings to dam repairs.

But an analysis of nearly 2,400 newly funded projects for the five years from 2010 to 2014 by *New Mexico In Depth* reveals a disparity in how much the state's counties receive in per-person funding.

Take, for example, Los Alamos and Socorro counties, which are home to a similar number of people but not the same investment of state dollars for brick-and-mortar projects. Per person funding ranged from \$97 in Los Alamos County to more than \$2,400 in Socorro County.

That's in part because Socorro County is home to New Mexico Tech, one of the state's universities, meaning it received substantially more money than its northern neighbor.

*New Mexico In Depth* reached its conclusions after analyzing capital outlay funding for the five years by county and population. We examined only newly funded projects, not those with renewed funding because they hadn't been finished. And we looked at funding three ways: for all projects; only those earmarked for funding by lawmakers; and those that are statewide priorities.

How the projects were funded affected the per-person funding disparity among counties.

For the 1,700 projects earmarked by lawmakers, per-person funding ranged from \$36 in Los Alamos County to \$627 in Harding County, which had only 695 residents in 2010.

Every year, each of the House of Representatives' 70 members receives the same amount to spend on projects. The same formula holds for the 42-member state Senate.

Then there are 672 statewide projects, typically for facilities owned by the state or with a statewide interest. Harding County received no money whatsoever for such projects over the five years, while three counties – Socorro, Roosevelt and San Miguel – each received amounts of more than \$1,000 per resident because of state facilities in those counties.

"This contradicts what we've been told, that the system – while imperfect – is designed to spread the money around. That doesn't seem to really be true," said Fred Nathan, executive director of Think New Mexico.

Nathan wants to see the infrastructure funding system changed when state lawmakers convene the 2016 session in Santa Fe.

For some rural counties, however, capital outlay money is a lifeline for projects such as a rodeo and soccer facility funded in Socorro County over several years by local lawmakers, local officials say.

“We’re heavily reliant on that process to assure we can keep up with the rest of the state,” said Socorro County Manager Delilah Walsh. “We simply don’t have the big tax base other communities have.”

Legislative Finance Committee Chairman Sen. John Arthur Smith, D-Deming, recently mentioned road issues in Hidalgo County resulting from the large number of border patrol agents there. He included \$364,000 in the 2013 capital outlay bill to pave a county road.

But Smith questioned why the state or federal government shouldn’t be helping the county, which had a 2010 population of about 5,000 people.

“The demand down there for infrastructure is phenomenal when you have that kind of pressure,” Smith said at November’s LFC meeting.

### **A closer look**

New Mexico In Depth decided to look at funding based on population because it’s a way to measure equity while taking into account that large counties will always receive more overall funding.

For example, Bernalillo County, home of Albuquerque and the state’s largest county, received nearly \$207 million for 640 new projects between 2010 and 2014. That’s by far the most of the \$762 million allocated to projects based in specific counties during that time.

With a 2010 population of 662,564, that amounts to \$312 per person over the five years.

That’s just \$4 below the median per capita spending of \$316, and \$58 less than the \$370 per person spending statewide.

The median – the midpoint of per capita spending among the 33 New Mexico counties – is a more accurate representation of the middle ground than the average per capita allocation of \$370.

That’s because there are outliers when it comes to the state’s infrastructure spending.

For instance, Socorro County – with a 2010 population of just under 18,000 – topped the list with spending of \$2,432 per person. In that county, \$39 million of the county’s total \$43.4 million in funding went to construction at the New Mexico Institute of Mining and Technology based in Socorro.

“Ultimately, Tech is located in a small town,” said Walsh, the Socorro County manager. “That does kind of skew the numbers.”

Two of New Mexico’s smallest counties are also considerably higher than the median: Harding at \$627 per person and Guadalupe at \$619.

Several smaller counties are far below the median, including Los Alamos (\$97), Luna (\$114) and Catron (\$203).

Los Alamos Deputy County Manager Steven Lynne said he wasn’t surprised by his county’s low level of state infrastructure funding since Los Alamos National Laboratory provides high-paying jobs and the county is relatively small in terms of area.

“Los Alamos County is very fortunate to have the lab here and the economy that it drives,” Lynne said. “That’s one of the primary factors that legislators look at in some of their distribution decisions.”

Rio Arriba County, just north of Los Alamos, has a troubled economy and a much larger land area. It received \$653 per person in capital outlay spending from the state over five years. Lynne said he understands the discrepancy.

“I don’t hear our local elected officials saying we’re not getting our fair share,” Lynne said. “We do put in requests every year like every county does, and some of those get funded.”

He cited \$375,000 included in the 2014 capital outlay bill for fire protection in the Jemez Mountains.

Meanwhile, Bernalillo and three of the other top five counties – Santa Fe, Sandoval and San Juan – all come in below both the mean and the median when it comes to infrastructure budgeting per capita.

But Sen. Peter Wirth, D-Santa Fe, said he doesn’t think that means there’s inequality in the capital outlay system.

“If you look at the overall pot of money, there’s a big chunk of statewide capital outlay that’s allocated based on need, not necessarily based on location,” Wirth said.

Doña Ana County, the second largest in the state, received \$438 per person in new capital outlay projects over the five years.

### **Earmarked projects**

New Mexico In Depth also examined earmarked projects – those specifically sponsored by the legislative or executive branch.

To do this, we used a combination of data on projects introduced by lawmakers provided by Legislative Council Service staff and information on sponsorship in the Department of Finance and Administration’s capital outlay database.

Legislative Council staff cited legislative privilege in refusing to release specific amounts allocated by specific lawmakers. But New Mexico In Depth is asking all lawmakers, who do have access to that information, to share the information with us and the public.

The 1,700 earmarked projects outnumber projects of statewide interest, but cost considerably less, a total of \$271 million or about \$159,000 per project on average.

Tiny Harding County topped the earmark list at spending of \$627 per person, or a total of \$436,000 for five projects.

That compares with a median of \$154 and an average of \$131 for sponsored projects.

Socorro County still ranks above many other counties in terms of earmarked projects. Walsh said that’s in part because the county’s lawmakers – Sen. Howie Morales, D-Silver City, and House Speaker Don Tripp, R-Socorro – have considerable seniority.

But Walsh said the county is also judicious about its requests for state capital outlay money.

“We’re looking more at infrastructure development and long-term planning ... versus what you would really think of as traditional pork,” she said.

Guadalupe County, with fewer than 5,000 residents, came in second at \$485 per person.

Los Alamos ranked last at \$36 per person, followed by Catron County at \$88, Chaves and San Juan counties at \$93 per person, Curry County at \$94 and Santa Fe at \$98.

Despite Santa Fe County's low per-capita funding for sponsored projects, Wirth said the county benefits.

"I honestly think from Santa Fe's perspective it works pretty well."

There are fewer statewide projects at a higher cost – 672 projects totaling more than \$491 million. But the per capita spending varies widely.

Harding received no funding for statewide projects.

Torrance County received \$6 per person for eight statewide projects over five years, while Luna County received \$8 per person for three projects.

Eight other counties received less than \$100 per person for statewide projects from 2010-2014.

The median spending per person was \$151, while the statewide per person spending was \$239.

Three counties stand out: Socorro, home of New Mexico Tech, received \$2,211 per person; San Miguel, home of the New Mexico Behavioral Health Institute, received \$1,593 per person; and Roosevelt, home of Eastern New Mexico University, received \$1,267.

"If you look at the statewide allocation of capital outlay you will see some very large projects being funded in the rural part of the state," Wirth said.