

New leader, new challenges

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The Taos News, 22 Nov 2018



Gov.-elect Michelle Lujan Grisham addresses the crowd at her election night victory celebration at Hotel Albuquerque at Old Town in early November.

Michelle Lujan Grisham calls herself lucky.

But talking to the governor-elect in the days after an overwhelming victory, you get the sense luck might not be the right word.

Yes, the Democrat from Albuquerque won by a decisive

14 points. And she will take office in January with what could be a surplus well over \$1 billion and a Democratic majority in the state House of Representatives that could include as many as

46 of the chamber's 70 seats. Surely, that is lucky given the state's past budget woes and political deadlock. But Lujan Grisham is a realist, and as Gov. Susana Martinez ends her term by touting the projected surplus and a declining unemployment rate, the next occupant of the Roundhouse's fourth floor is all too aware of the potential pitfalls she's about to inherit.

"The governor talks about, 'I'm leaving the new governor with the biggest surplus ever,' "Lujan Grisham said in a wide-ranging interview last week. "Well, we have huge vacancy rates in state government. We had a huge liability in public education."

Lujan Grisham's list goes on. New Mexicans have been hearing about much of it for years: a lawsuit from Texas over water rights, tax credit payments the state has shoved into the future.

"I would say the potential for this administration to have created the largest liabilities ever is there," she said.

That's only part of the unknown territory for Lujan Grisham.

The state Senate, where conservative Democrats still hold sway could be her foil on issues, such as gun control or using a bigger share of revenue from the Land Grant Permanent Fund to finance education.

So, after running a two-year campaign, eventually defeating Republican Steve Pearce in early November and two Democratic rivals in the June primary, Lujan Grisham has won. Now comes the hard part.

"The state economy has improved considerably over the last year," said Jim Peach, a longtime professor of economics at New Mexico State University who is now retired. "As a result, state revenue has increased substantially, but the governor-elect is correct that the state faces significant liabilities and challenges."

Peach noted much of the improvement in New Mexico's finances is linked to a boom in the oil industry around the Permian Basin at a time of relatively high oil prices.

"Oil prices can be highly volatile, and the state surplus could disappear in a hurry," Peach warned.

In early October, a barrel of crude was selling for around \$70 a barrel. Now, it is fetching around \$56.

A study by the New Mexico Tax Research Institute found about 31.5 percent of the state's general fund revenue comes from oil and gas.

And Peach said that is probably a low number today.

"While we can all hope that oil prices do not fall further, there is no guarantee, and the state should plan on continued oil price and revenue volatility," Peach said.

No matter what happens financially, however, a big change in the political dynamics at the Capitol will occur.

For years, relations between the Governor's Office and majority party in the Legislature have been strained, making governance more difficult.

Having a governor who will huddle with the majority party in the Legislature will be a significant change in and of itself.

"We have a governor who will talk to us," Senate Majority Leader Peter Wirth said one recent afternoon on his way into the Capitol.

But conversation does not always lead to collaboration even among those in the same party. Consider that Republicans in the state Senate led an effort in 2017 to override one of Martinez's vetoes.

And this time around, skepticism already exists that enough Senate Democrats would give their support to pass legislation, such as legalizing marijuana or using a bigger share of the permanent fund for education.

Citing the state's projected surplus, Senate Finance Committee Chairman John Arthur Smith recently remarked: "I can't understand why people think they need additional money to spend."

Still, Smith, D-Deming, pointed to the areas where even budget hawks could work with the new governor, such as rebuilding state departments where critics say declining staffing during the Martinez administration cut the size of government to the point where some basic services were threatened.

"We have common ground," he said.

In any event, Lujan Grisham views herself as coming with something of a mandate.

"When you're not sure what your constituents want, if you have a more conservative approach, or you have a wait-and-see approach -- boy, voters were pretty clear about what they expect," she said.

Issues and challenges Guns

Lujan Grisham's campaign platform on gun control was ambitious for a state that has enacted relatively few limits on firearms in recent years.

The Democrat ran on banning so-called assault weapons and high-capacity magazines, for example.

But it is not only Republican lawmakers who have blocked gun control in past years. Plenty of Democrats in the Legislature are queasy about it, too, if not outright opposed.

This is New Mexico, after all, where plenty of Democratic voters are also hunters and firearm enthusiasts.

Still, Miranda Viscoli, co-president of New Mexicans to Prevent Gun Violence, is optimistic.

She acknowledges a ban on assault weapons would be a tough push. Then again, Viscoli added, such a law might not be the most effective policy given that many of the mass shootings perpetrated in New Mexico recently were carried out with handguns.

So, what is on the table? Proposals for expanding background check requirements and toughening the laws on domestic violence offenders are more likely to gain traction as are proposals for encouraging safe storage of firearms.

Such bills would allow law-abiding gun owners to keep their firearms, Viscoli said.

At the same time, this session comes amid what Viscoli sees as mounting pressure on legislators to take some action on gun policy, with her organization busy mobilizing students in particular.

"I think we stand in a pretty good place," she says.

Permanent fund

New Mexico's Land Grant Permanent Fund totals about \$18 billion, and the state parcels out 5 percent each year, mostly to its public schools.

But for years a running debate has taken place over using a bigger share of the endowment to fund an expansion of early childhood education, particularly as the stock market's rebound and an oil and gas boom have fueled the fund's growth.

Lujan Grisham's platform suggested that using \$285 million over five years would be prudent.

House Democrats passed a constitutional amendment that, if approved by voters, would take an additional 1 percentage point each year -- that is, an additional \$150 million a year from the start.

Fiscal conservatives counter that touching the fund at all could imperil its growth in the future.

Cabinet appointments

How many Cabinet secretaries does the governor of New Mexico really need?

Lujan Grisham was in Gov. Bill Richardson's cabinet and served on a 2010 task force that recommended merging several cabinet-level departments.

For example, the Department of Homeland Security and Emergency Management could fit inside the Department of Public Safety, the task force said.

That idea could still be relevant as Homeland Security and Emergency Management has since been hit with troubling audits as well as allegations that staff forged training certificates.

An analysis by the Department of Finance and Administration said combining the two agencies "would generate some cost savings but just as important would generate greater efficiencies and effectiveness of operations."

The task force also recommended the Department of Game and Fish combine with the Energy, Minerals and Natural Resources Department. And it suggested one big Commerce Department could envelop the Departments of Tourism, Economic Development and Workforce Solutions, along with the border authority.

A separate report around the same time suggested similar changes, along with merging the Aging and Long-Term Services Department with the Human Services Department. None of this has happened. And with no financial crisis spurring cuts to government services, not much reason may exist to rush a reorganization.

Then again, these ideas seem bound to re-emerge.

This story first published in the Santa Fe New Mexican, a sibling publication of The Taos News.