



New Mexico was in a financial crisis before coronavirus hit

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October 12, 2020

(The Center Square) – New Mexico went into the coronavirus pandemic in poor fiscal health and will come out of it in worse shape, according to a new report.

Truth in Accounting released its annual analysis **Financial State of the States**, which shows New Mexico has a \$4.5 billion budget shortfall. It ranks 31st among the 50 states and received a grade of D for its fiscal health.

That budget deficit means the average taxpayer burden in New Mexico is \$7,500. TIA, a Chicago-based nonprofit that focuses on government spending, said its grading scale gives a D to any state with a taxpayer burden between \$5,000 and \$20,000.

A taxpayers' burden is calculated when all of a state's debt are added up and divided by the number of taxpayers in the given state. So in New Mexico, each taxpayer would have to pay \$7,500 to pay down the state's debt.

“New Mexico did not have enough money set aside the weather the current pandemic and fluctuations in the market,” TIA said. “The uncertainty surrounding this crisis makes it impossible to determine how much will be needed to maintain government services and benefits, but New Mexico’s debt will most likely increase.”

TIA noted that the data it used came from New Mexico’s audited Comprehensive Annual Financial Report.

The state’s primary debt problems are due to underfunded state employee retirement obligations that have built up over the years.

“Of the \$19.2 billion in retirement benefits promised, the state did not fund \$5.7 billion in pension and \$1.2 billion in retiree health care benefits,” TIA said.

New Mexico also has \$6 billion in outstanding bond debt.

TIA also pointed out that the Government Financial Officers Association guidelines for issuing a timely financial report is within 180 days of the end of the fiscal year. New Mexico was the third-least timely, behind only California and Illinois, taking 275 days to issue its 2019 report.

The report said that at the end of fiscal 2019, 39 states did not have enough money to pay all of their bills. The total debt of all 50 states is \$1.4 trillion.

New Mexico was one of 17 states to receive a D. Three states received an A, eight received a B, 14 received a C and eight received an F.

In a separate report, New Mexico Gov. Michelle Lujan Grisham received a C grade on the Cato Institute's Fiscal Policy Report Card on America's Governors.

Several groups late last month called on Lujan Grisham to give up her taxpayer-funded salary of \$174,000 a year due to the state's high unemployment rate, which at 11.3 percent is sixth highest in the country.

The state's Department of Workforce Solutions in early September said it had depleted the entire \$2 billion fund used to pay jobless claims and was borrowing millions of dollars from the federal government to pay unemployment benefits.