

**THE RIO GRANDE FOUNDATION
AND
CITIZENS AGAINST GOVERNMENT WASTE**



2011 NEW MEXICO PIGLET BOOK
"The Book Santa Fe Doesn't Want You to Read"

The Rio Grande Foundation is a nonprofit, nonpartisan, research institute dedicated to increasing liberty and prosperity for all of New Mexico's citizens. We do this by informing New Mexicans and their elected officials of the importance of individual freedom, limited government, and economic opportunity.

The Rio Grande Foundation generates and encourages public policy remedies grounded in the capacity of private enterprise, the ingenuity of individuals and the abilities of active communities to achieve a freer, more prosperous New Mexico.

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PO Box 40336
Albuquerque, NM, 87196
Phone: (505) 264-6090
www.riograndefoundation.org

Citizens Against Government Waste (CAGW) is a private, nonprofit, nonpartisan organization dedicated to educating the American public about waste, mismanagement, and inefficiency in government.

CAGW was founded in 1984 by the late industrialist J. Peter Grace and nationally-syndicated columnist Jack Anderson to build support for implementation of the Grace Commission recommendations and other waste-cutting proposals. Since its inception, CAGW has been at the forefront of the fight for efficiency, economy, and accountability in government. CAGW has more than one million members and supporters nationwide. In a little over two decades, has helped save taxpayers \$1.07 trillion through the implementation of Grace Commission findings and other recommendations.

CAGW's official newsletter is *Government WasteWatch*, and the group produces special reports, and monographs examining government waste and what citizens can do to stop it. CAGW is classified as a Section 501(c)(3) organization under the Internal Revenue Code of 1954 and is recognized as a publicly-supported organization described in Section 509(a)(1) and 170(b)(A)(vi) of the code. Individuals, corporations, companies, associations, and foundations are eligible to support the work of CAGW through tax-deductible gifts.

1301 Pennsylvania Avenue, NW
Suite 1075
Washington, DC 20004
Phone: (202) 467-5300
<http://www.cagw.org>

Introduction

Since the previous version of the *New Mexico Piglet Book*, released in December 2008, there has been a dramatic change in the political scenes both nationally and locally in New Mexico. With economic growth at a standstill and unemployment remaining high, wasteful spending is a continued hot topic.

One of the most widely cited examples of unnecessary spending over the past two years is the \$862 billion stimulus bill. The number of jobs “created or saved” is in dispute, President Obama’s pledge that unemployment would not rise above 8 percent was not fulfilled, and even proponents of the stimulus have questioned its effectiveness. For example, syndicated columnist Harold Meyerson wrote that “Infrastructure projects remain among the most stimulative forms of anti-recessionary activity – so long as the projects actually happen. That’s one reason liberals like me have enthusiastically supported them.”¹

Meyerson pointed out that at the end of September 2010, “just one-third of the \$4.5 billion allocated to California for transportation projects had been spent, the state’s Web site shows. In Texas, just 5 percent of the funds allocated to the largest energy project had been expended, while in New York City, only 27 percent of the funds allocated for infrastructure and 3 percent of those targeted for improving energy efficiency had been spent.” Meyerson blamed “red tape” for most of the problems associated with the failure to spend the money in a timely manner. But Senators Tom Coburn (R-Okla.) and John McCain (R-Ariz.), who issued two reports on the stimulus, found that the problem was how the money was spent, not how much was spent.

New Mexico received more than \$5 billion under the legislation. Some of the most egregious and wasteful projects funded by the stimulus are profiled in this booklet.

Of course, not all pork originates in Washington and the real purpose of this booklet is to shine a spotlight on some of the most wasteful state and local spending projects dreamed up by the New Mexico political class in the past two years.

And, despite the fact that New Mexico’s General Fund budget has not grown since 2008 and the traditional means of delivering local pork at the state level, the “Capitol Outlay Process,” has been put on ice for now, there is plenty of fat and waste to be found.

Now, more than ever, when budgets are tight and governments are cutting back, taxpayers and their representatives must re-focus government on those activities like police, fire, and basic infrastructure that are absolutely essential and core functions of government. Unfortunately legislators have gone far beyond those basic functions to spend taxpayer resources on film production, golf courses, a spaceport, and art work.

Thankfully, the federal government cannot afford another massive “stimulus” package. But, with state and city budgets across the nation teetering on the edge of insolvency, we may soon see state and local governments coming to Washington begging for direct bailouts. This could mean taxpayers will be burdened with billions more in excessive spending both in New Mexico and throughout America.

Taxpayers can only hope that New Mexico's new governor and incoming legislature will avert this unhappy fate by targeting wasteful spending and transforming the state into an economic model for the rest of the country. The *2011 New Mexico Piglet Book* should serve as a valuable resource for taxpayers to see where their money is being spent and for bureaucrats and legislators to know where to start cutting.

Transportation

From local roads to interstates and bridges, there is little argument that governments at all levels share some responsibility for transportation projects. For politicians and bureaucrats, infrastructure is a tempting way to spend money to show that government is working for taxpayers. In reality, transportation projects can be the biggest boondoggles and the most visible examples of pork.

The Rail Runner is Railroading Taxpayers

Since it began service in 2006, the New Mexico Rail Runner Express has been one of the biggest debacles in state history and largest burdens on New Mexico taxpayers. The commuter rail service serves the central New Mexico corridor, running from Belen to Santa Fe.²

Initially, supporters claimed that the commuter rail system would cost state taxpayers \$122 million. The actual price of the Rail Runner, however, has exceeded \$475 million to date.³

In 2009, operational costs topped \$21 million, but ticket revenues brought in only \$1.9 million. As a result, taxpayers were on the hook for more than \$19 million in operating losses.⁴

Tickets to ride the Rail Runner cost passengers only \$8. However, low ridership numbers and ballooning costs meant that taxpayers paid \$81 per rider to subsidize the service in 2009.⁵

Ridership continues to atrophy, which is making matters worse for taxpayers hoping the commuter train will one day become self-funding. In 2010, Rail Runner ridership fell by 11 percent from 2009 levels, resulting in even lower revenues.⁶

Rather than derailing New Mexico's failed commuter rail scheme, government officials continue to throw good money after bad to keep the Rail Runner on track.

Keep it Looking New through Nonuse

In August 2010, the New Mexico Transportation Commission voted to pillage \$2 million from the state road fund to restore hundreds of miles of railroad track for the Rail Runner – despite the fact that there are no plans to use that track, even after the renovations are complete.

The money will fund capital improvements along a 200-mile stretch of track from Lamy to the Colorado border that the state pledged to buy for \$5 million. This agreement was made by the Richardson administration when the state acquired the Santa Fe to Belen track.⁷

That means taxpayers will spend \$7 million on Rail Runner tracks that state officials have no plans to use.⁸

The Most Expensive Joyride in State History

The Rail Runner made a promotional run in July 2009 to Raton and Las Vegas in order to introduce the commuter rail service to residents of northeastern New Mexico. This was purely a public relations decision since there are no plans to extend Rail Runner service to Raton or Las Vegas. The pointless journey took taxpayers for a ride, costing \$14,661.⁹

When All Else Fails, Stimulate the Rail Runner

The Rail Runner's failure in New Mexico didn't prevent Congress from passing out \$2.5 million in federal stimulus spending to support the dubious project. Government officials used the cash to build a Rail Runner station in Kewa, complete with "two canopies, a bus drop-off area, trash cans, benches, lighting and about 47 parking spaces."¹⁰

Planes are Pains in the Pocket

A January 2010 investigation by *Albuquerque Journal* reporter Thom Cole revealed that former lieutenant governor – and 2010 Democratic gubernatorial candidate – Diane Denish preferred to fly on her own state-owned jet rather than fly commercial or buy time on a shared plane. While she was in office, Denish billed taxpayers more than \$170,000 for the use of state planes.¹¹

Several of Denish's flights were particularly questionable, including a flight from Albuquerque to Las Cruces for an energy conference, in which Denish was the only passenger aboard. In addition, taxpayers spent nearly \$1,500 to fly Denish to Gallup for a parade.¹²

The Department of Transportation's Reckless Spending

According to a 2009 audit of the New Mexico Department of Transportation, the department busted the budget in three separate funds by \$38.3 million – one of the worst displays of excessive spending by a single government agency in state history.¹³

New Mexico's Big Hope Has become an Even Bigger Money Pit

The *2008 New Mexico Piglet* stated, "no project more clearly illustrates the perils of corporate welfare than New Mexico's 'Spaceport America.' When completed, the project is designed to serve as a takeoff and landing point for private flights to space. It will cost New Mexico taxpayers at least \$225 million."

While some idealists persist in viewing government as a force for redistributing wealth from the rich to the poor, this project takes money from hard-working New Mexicans (average personal income of \$31,474) in order to subsidize the efforts of billionaire Richard Branson (estimated net

worth of approximately \$7.9 billion) and others who are willing to pay \$35 million to go into space.

Spaceport America's website states that "Virgin Galactic has entered into a 20-year lease agreement with Spaceport America. Spaceport America will serve as headquarters for Virgin Galactic operations." It also states that Spaceport America will be the "world's first purpose-built commercial spaceport."

In 2010, the New Mexico legislature risked another \$1.2 million on Spaceport America, funding it for another year.¹⁴ This spending is in addition to the \$198 million of federal, state and local taxpayer money that lawmakers have already gambled on the risky project.¹⁵

A Bad Apple for Taxpayers

The Red Apple Transit, Farmington's public bus system, also serves several surrounding towns, including Aztec, Bloomfield, and Kirtland. That regional service comes at a steep cost to taxpayers, who were forced to spend \$1.5 million to keep the struggling transit system running in 2009.¹⁶

At Least it's a Bridge to Somewhere

Cyclists in Albuquerque were the recipients of a massive project via the federal stimulus. A bicycle-only bridge was completed using \$5.3 million in federal tax dollars, and another \$1.6 million in state and local funds, to more easily connect West Side cyclists to Old Town and Downtown.¹⁷

Greenbacks for Red Lights

If red lights seem a little brighter across the state, it may not just be a figment of one's imagination. New Mexico received a \$5 million stimulus giveaway to retrofit incandescent traffic, warning and pedestrian signal lamps with LED lights. It is doubtful that public safety will be improved as a result of the new traffic lights, but the LED lamps will serve as beacons of government waste at 330 intersections across the state.¹⁸ The LED lights are a public safety issue as well because in snowy regions across the nation, cooler LED lights fail to melt snow and remain covered, making them invisible to motorists. The warmth emitted by traditional lights easily melts any snow.¹⁹

Pigs May not Fly, but Pork Does

New Mexico's take of the stimulus also included \$16.1 million for airport improvements, consisting of \$11.3 million for runway improvements at the Las Cruces International Airport, \$4 million for runway improvements at Double Eagle II Airport in Albuquerque, and \$1.1 million for taxiway improvements at the Santa Fe Municipal Airport.²⁰

Economic Development

Some businesses make money the old-fashioned way by offering products and services that people want at a price they are willing to pay. They are rewarded for improving the quality of consumers' lives. But there are other businesses that make money the new way by asking the government to give them some of the taxpayers' money. These businesses are not rewarded for providing products that people want, but for providing items that politicians want. In return, these businesses are showered with corporate welfare.

The Cato Institute describes corporate welfare as “any government spending program that provides unique benefits or advantages to specific companies or industries. That includes programs that provide direct grants to businesses, programs that provide research and other services for industries, and programs that provide subsidized loans or insurance to companies.”²¹

Taxpayers Are Working for Peanuts or Sometimes You Feel Like a Nut

In 2009, the Sunland peanut company received more than \$200,000 in a corporate welfare handout courtesy of the New Mexico Economic Development Department (EDD) and the city of Portales. State taxpayers funded \$156,000 for wastewater infrastructure improvements for the organic nut grower and peanut butter maker. Portales policymakers got in on the action by giving Sunland more than \$50,000 of local residents' money to build a sewer line extension.²²

While the EDD claims that the giveaway of tax dollars to improve Sunland's wastewater infrastructure will create dozens of new nut jobs, there are more than 100 taxpaying peanut growers in New Mexico who stand to lose employees after being forced by the state government to subsidize a stout competitor.²³

Subsidies for peanut production are nothing new in New Mexico. Since 1995, the federal government has doled out more than \$32.5 million to New Mexico peanut growers.²⁴

Unfair Corporate Welfare

Peanut farmers weren't the only corporate welfare recipients in New Mexico grabbing tax dollars to bankroll their business.

Other EDD corporate welfare giveaways awarded during the 2009 fiscal year include a \$2 million handout to revamp a former call center in Grant County into a “multi-purpose facility to incubate new businesses and serve as an event center.”

Proper Foods, a Luna County frozen food maker whose sales had gone cold, took a \$500,000 taxpayer-funded handout. The purveyor of refrigerated tamales, stuffed peppers and cabbage rolls snatched up the corporate welfare in order to offset rising production costs.²⁵

When Advertising Turns Taxpayers into Mad Men (and Women)

Thanks to a costly and bizarre scheme known as the Cooperative Advertising Program, local governments and nonprofits in New Mexico hoping to attract new customers can force taxpayers into paying for a portion of their advertising campaigns.

Under the program, local and tribal governments, as well as nonprofit economic development organizations including county economic boards, arts councils, museums and farmers associations are eligible to apply to have a percentage of the costs associated with their advertising projects reimbursed with state tax dollars.

In 2009, the Cooperative Advertising Program doled out \$348,615 to 58 communities and organizations statewide to buy advertising.²⁶ Fiscal year 2009 recipients included:

- \$11,000 to the Sandoval County Economic Development Foundation;
- \$9,000 to the Museum of New Mexico Foundation;
- \$8,900 to the New Mexico Wine Growers Association;
- \$8,010 to the Eastern New Mexico Economic Development Alliance;
- \$5,300 to the Santa Fe Council for the Arts;
- \$4,500 to the New Mexico Optics Industry Association; and
- \$1,980 to the Indian Arts & Crafts Association.²⁷

Wisely, the EDD temporarily suspended the Cooperative Advertising Program for FY 2011 due to the state's budgetary woes.²⁸

The Aviation Miscalculation

In fiscal year 2009, the State's Job Training Incentive Program (JTIP) doled out \$11.7 million to New Mexico businesses looking to train new hires at the expense of taxpayers. The scheme reimburses companies 50 to 80 percent of wages while employees are in training.²⁹

Among the 43 businesses gobbling up tax dollars to train employees were massive corporations such as Hewlett-Packard (which received more than \$1.5 million from JTIP) and a subsidiary of the mutual fund and investment services giant Fidelity Investments, which pocketed \$653,561 from New Mexico's taxpayers.³⁰ Fidelity Investments had an operating profit of \$2.5 billion in 2009.³¹ HP, on the other hand, made a tidy \$2.5 billion profit during just the third quarter of 2010.³²

Several of the companies receiving job training handouts through JTIP laid off large numbers of employees, proving that some of the millions spent to create jobs and train new employees was in vain. In August 2010, for example, Schott Solar announced that it would suspend one of the two solar power production lines operating in its Albuquerque plant, resulting in the loss of 30 jobs.³³ One year earlier, Schott collected \$593,356 in JTIP funds.³⁴

JTIP's biggest folly involved \$1.2 million of taxpayer funds handed to Eclipse Aviation Corporation, which the private jet manufacturer promised would help train 225 new Albuquerque-area employees.³⁵ In August 2008, a few weeks after Eclipse was awarded the money, the company laid off 650 people, which equaled 38 percent of its work force.³⁶ Eclipse furloughed 800 of its remaining employees on February 18, 2009.³⁷ A week later, Eclipse filed for Chapter 7 bankruptcy.³⁸

A "MainStreet" that's Paved with Pork

Since 1985, the New Mexico MainStreet Program has thrown tax dollars at local businesses and organizations, hoping to revitalize waning downtown areas throughout the state.³⁹ The program has cost taxpayers \$154 million since 2003.⁴⁰

Rather than addressing the causes of the outmigration of New Mexico's business areas, such as excessive property tax rates, high crime, regulatory burdens and the increasing number of opportunities for employees to work remotely, the MainStreet scheme attempts to rejuvenate outmoded downtown districts with tax dollars.

Federal, state and local governments combined to pump a record \$70.1 million of taxpayers' money into the MainStreet Program in 2009, but it didn't end there.⁴¹ In 2010, state lawmakers voted to send an additional \$2.4 million beyond the budgeted amount for further MainStreet revitalization programs.⁴²

Projects funded by recent MainStreet Program handouts include:

- \$300,000 for environmental remediation of the historic Clovis Hotel;
- \$180,000 to purchase the Luna Theatre in Clayton;
- \$100,000 to design and build a downtown pavilion in Grants; and
- \$60,000 to convert Silver City's former "Electric Utilities Building" into a museum annex.⁴³

Making matters worse for those interested in a fair playing field and free market economic values, \$212,000 in federally-backed loans and \$80,000 in expenditures taken from hotel and motel owners and employees in Carlsbad were used to help turn the former Carlsbad Irrigation District Building into the Trinity Hotel, a boutique hotel.⁴⁴ The website claims it is "the finest boutique hotel in Carlsbad" where all rooms "have flat screen TVs, iPod docking stations, wine chillers...and special Trinity robes."

Fun and Games

When people think of state government, they usually don't think of fun and games. Thoughts of dizzying bureaucracies and red tape are the norm for government at any level. New Mexico is no different, except that the New Mexico state government is having fun and playing games with tax dollars.

Government-owned Greens are in the Red

Cities and counties across New Mexico are in the golf course business, using tax dollars to build, manage and maintain golf courses, hoping that the courses become cash cows for government coffers. Unfortunately for taxpayers, it rarely works out that way. Instead, taxpayers' hard-earned dollars are taken by local governments to bankroll municipal golf courses. All too often, families struggling to make ends meet wind up subsidizing the greens fees of vacationing golfers.

The following golf courses lost money during the most recent fiscal year, which is more than enough to tee off taxpayers.

- \$1,833,431 – Spring River Golf Course (Roswell)⁴⁵
- \$1,169,883 – Los Alamos County Golf Course⁴⁶
- \$877,455 – Gallup Municipal Fox Run Golf Course and Pro Shop⁴⁷
- \$518,330 – Lake Carlsbad Municipal Golf Course (Carlsbad)⁴⁸
- \$315,973 – Eunice Municipal Golf Course⁴⁹
- \$152,131 (*projected*) – Desert Lakes Golf Course (Alamogordo)⁵⁰
- \$105,247 – Civitan Golf Course (Farmington)⁵¹
- \$71,106 – Piñon Hills Golf Course (Farmington)⁵²

The Los Alamos County Golf Course, which has cost taxpayers \$1.7 million in 2010 and \$3.4 million since 2008, is a troubling example of just how taxpayers subsidize failing municipal golf courses.⁵³

Greens fees at the Los Alamos County Golf Course are \$31.50 for 18 holes on weekdays.⁵⁴ However, in 2010, county taxpayers subsidized each round by a projected \$12.95. Instead of asking golfers to pay the true \$44.45 cost per round necessary for the course to be self-sufficient, taxpayers' hard-earned money is used to make up the difference.⁵⁵

Government should wise up to the fact that negative numbers might be good for the players but they are terrible for owners.

Flinging Good Money Away

The city of Carlsbad has not only proven inept at running its municipal golf course, it has mismanaged a Frisbee golf course. The town's disc golf course is slated to receive \$116,778 in public funds during fiscal year 2011.⁵⁶

A Lot of Money for Holes Filled with Water

Spending on dubious recreational projects didn't stop at the golf course for policymakers in Los Alamos County. The Los Alamos County Ice Rink and Larry R. Walkup Aquatic Center are comparable money pits.

In fiscal year 2011, taxpayers are slated to pony up \$236,152 to subsidize the ice rink, down slightly from a record \$239,775 in fiscal year 2010.⁵⁷ Every time a skater hit the ice at the county's rink in fiscal 2009, taxpayers shelled out \$5.83 to subsidize the experience.⁵⁸

As exorbitant as the cost of Los Alamos County's golf course and ice rink are to taxpayers, nothing soaks residents quite like the Larry R. Walkup Aquatic Center. Over the last three years, the swimming complex received \$4.1 million from taxpayers, including \$1.3 million in the county's 2011 budget.⁵⁹

Apparently, county leaders didn't think spending more than \$1 million per year on the aquatic center was adequate. In fiscal year 2010, the county's budget included an additional \$50,000 to finance a "cost/benefit study and conceptual design" for a warm water, indoor children's and adult leisure pool at the complex.⁶⁰

White Rock is Never Cheap

Los Alamos County policymakers are also financing a massive outdoor recreational area in White Rock, a bedroom community that county leaders hope to turn into a booming retail and residential haven. Even though the area, which will feature a walking trail, an RV park and a visitors center is years from completion, the project has already cost taxpayers \$3,241,348.⁶¹ Included in these costs are:

- \$200,000 to design and develop conceptual plans for a White Rock Visitors' Center and RV Park;
- \$100,000 to retain a landscape architect and civil engineer to prepare a conceptual design and estimate costs for the White Rock Arroyo Trail; and
- \$50,000 for the design and cost estimates associated with erecting a sculptural monument to be known as the White Rock Gateway Structure.⁶²

Maybe the Animals Eat the Money

Albuquerque's dogs aren't the only animals on the dole in New Mexico. Government-operated zoos consistently lose money, requiring constant taxpayer bailouts just to keep the doors open.

Over the past four years, the Alameda Park Zoo in Alamogordo devoured \$1.3 million in tax money, including a projected \$388,306 loss in 2011.⁶³ In Roswell, the news is even worse, as the Spring River Zoo will cost taxpayers nearly \$1.5 million in 2011.⁶⁴

Since it's a state park, money from every taxpayer in New Mexico goes to subsidize the Living Desert Zoo and Gardens. The Carlsbad-area zoo and greenhouse wolfed down \$664,408 in public funds in 2010, making it the most financially insolvent state park in New Mexico.⁶⁵

A Slam Dunk of the Publics' Bucks

In addition to the \$1.8 million that Roswell taxpayers spent to bankroll the Spring River Golf Course, the city's penchant for burning through tax money on ill-conceived recreational opportunities showed up in three other Roswell budget decisions.

The Yucca Recreation Center, which primarily hosts basketball and volleyball games for Alien City youth, spiked \$451,306 from taxpayers' wallets. Taxpayers sunk \$151,398 into the Cahoon Park Swimming Pool in 2010, and the Roswell Museum and Art Center relied on \$210,028 in tax money.⁶⁶

An Aquatic Center That Will Soak Every Taxpayer

If Las Cruces taxpayers are feeling all wet, it's with good reason. In order to construct the city's aquatic center, city officials burned through an alarming \$11.6 million in taxpayers' money.⁶⁷

Wasteful spending in The City of the Crosses goes beyond the new swimming complex. Every Independence Day, Las Cruces pilfers thousands of tax dollars to help fund a parade, a fireworks show and other Fourth of July festivities. In 2009, the events cost taxpayers \$9,000.⁶⁸

Pork for Parks

The New Mexico Energy, Minerals and Natural Resources Department manages 33 distinct state parks throughout the Land of Enchantment. Of those 33 state parks, 32 of the parks share one very expensive trait: They lose more money than they generate. The cost is \$5.8 million per year. Only Navajo Lake State Park is self-sufficient through visitor admission payments, concessions, camping fees and other revenue generators. The others require state taxpayer subsidies to stay afloat; the median cost is \$146,000 annually.

The following chart illustrates the financial burden created by New Mexico's State Parks:⁶⁹

**State Parks Welfare:
Taxpayer Subsidies of New Mexico State Parks⁷⁰**

State Park	FY10 Budget	FY10 Revenue	Net
Living Desert Zoo & Gardens	\$820,802	\$156,394	-\$664,408
Rio Grande Nature Center	\$507,138	\$75,269	-\$431,869
Brantley Lake	\$399,220	\$119,961	-\$279,259
Sugarite Canyon	\$344,212	\$82,751	-\$261,461
Pancho Villa	\$307,306	\$64,363	-\$242,943
Sumner Lake	\$306,683	\$75,589	-\$231,094
Storrie Lake	\$338,707	\$110,793	-\$227,914
Clayton Lake	\$264,508	\$38,908	-\$225,600
Caballo Lake/Percha Dam	\$480,187	\$269,492	-\$210,695
Hyde Memorial	\$334,775	\$124,586	-\$210,189
Bottomless Lakes	\$390,842	\$189,411	-\$201,431
Leasburg Dam	\$282,496	\$86,159	-\$196,337
Conchas Lake	\$316,201	\$121,992	-\$194,209
Oliver Lee Memorial	\$237,322	\$55,123	-\$182,199
Santa Rosa Lake	\$251,037	\$82,731	-\$168,306
Mesilla Valley Bosque	\$165,083	\$18,556	-\$146,527
Eagle Nest lake	\$195,157	\$51,129	-\$144,028
Villanueva	\$197,490	\$57,460	-\$140,030
Vietnam Veterans Memorial	\$135,345	\$14	-\$135,331
Fenton Lake	\$219,077	\$84,331	-\$134,746
Coyote Creek/Morphy Lake	\$200,097	\$68,388	-\$131,709
Heron Lake	\$325,165	\$196,544	-\$128,621

Cerrillos Hills	\$132,302	\$6,326	-\$125,976
Oasis	\$171,185	\$49,172	-\$122,013
El Vado Lake	\$175,375	\$58,837	-\$116,538
Bluewater Lake	\$167,891	\$56,529	-\$111,362
Rockhound	\$174,426	\$80,275	-\$94,151
Ute Lake	\$383,813	\$302,304	-\$81,509
Manzano Mountains	\$105,849	\$26,104	-\$79,745
City of Rocks	\$154,277	\$85,162	-\$69,115
Elephant Butte Lake	\$1,091,339	\$1,032,304	-\$59,035
Cimarron Canyon	\$156,336	\$97,769	-\$58,567
Navajo Lake	\$ 588,476	\$642,089	\$53,613
TOTAL	\$ 10,320,119	\$ 4,566,814	-\$5,753,305

A Blue Ribbon for Government Waste

The smell of funnel cakes, the sound of laughter and that queasy feeling from a ride on the Tilt-A-Whirl remind many New Mexicans of the State Fair. Of course, most taxpayers won't need a Tilt-A-Whirl to feel nauseous when they learn that the 2011 New Mexico State Fair will consume \$13.9 million of their money.⁷¹

Arts & Entertainment

Most taxpayers already know that a balanced budget is even nicer than a few pretty pictures. Unfortunately, the state government has yet to come to that realization. The state government is forcing taxpayers to spend millions of dollars to support the arts through New Mexico Arts and other various government agencies, commissions and programs.

Government funding of the arts is problematic on several levels. Since bureaucrats and elected officials determine what art receives government funding, government ultimately has the authority to determine what constitutes art. This paves the way for government censorship of art.

Furthermore, government funding of art rests on the questionable notion that a group of government officials knows what art is good, or at least worthy of support.

Art – like most other goods and services – should exist in a market environment. If art is of value to a society, people will buy it, listen to it, watch it and enjoy it. It should not be left to the government to tax individuals to support art deemed worthy or acceptable by a state bureaucracy.

Eliminating government funding of the arts means that taxpayers would have more money to attend the ballet, buy a sculpture or go to a concert – personally choosing the art that they wish to support – rather than having government make that choice for them.

The New Mexico State Legislature gave New Mexico Arts \$2.4 million of state taxpayers' money in FY 2011. This was over and above the hundreds of thousands of dollars the organization received in federal stimulus funding.⁷²

Please Pass the Popcorn – and Your Wallet

As the 2008 *New Mexico Piglet Book* outlined, New Mexico offers filmmakers one of the sweetest financing deals imaginable: The state hands out interest-free loans of up to \$15 million per project, which can equal 100 percent of the project's budget, for qualifying feature films or television tapings.⁷³ While it may be a sweet deal for moviemakers, it leaves New Mexico taxpayers holding the bill.

Currently, the state has more than \$97 million in outstanding no-interest loans dedicated to filming movies and television series in New Mexico. Every dollar that isn't repaid will come out of the taxpayers' pockets. The funding includes:

- \$15,000,000 for *Gamer* (movie)
 - \$15,000,000 for *Book of Eli* (movie)
 - \$7,036,854 for *Burrower* (movie)
 - \$15,000,000 for *Wildfire* – Seasons 2 (TV series)
 - \$15,000,000 for *Wildfire* – Seasons 3 (TV series)
 - \$15,000,000 for *Wildfire* – Seasons 4 (TV series)
 - \$15,000,000 for *Crash* – Season 1 (TV series)
- Total outstanding loans = \$97,036,854⁷⁴**

One of the projects completed using a loan from New Mexico's Film Investment Program is the flop *Gamer*, starring Gerard Butler. In the film, during which supermodel Amber Valletta spends much of the time in her underwear, online video game players control the actions of humans. *Gamer* was panned by critics, receiving only a 29 percent favorable rating on the website Rotten Tomatoes.⁷⁵ Moviegoers apparently agreed; thus far, the movie has earned only \$40.7 million, far short of its \$51 million budget.⁷⁶

Money For Nothin', Get Your Flicks Made Free

Besides a series of no-interest loans and tax credits available to filmmakers, there is also free money in the form of the New Visions/New Mexico contract award program. The scheme gives local filmmakers up to \$20,000 per project to help fund their original narrative, documentary, animation and experimental films.⁷⁷

In its five years in existence, the New Visions/New Mexico program has handed out \$740,000 in public funds so that filmmakers can make movies while other New Mexicans work to earn the money that the government uses to subsidize their films.⁷⁸

The state's budget-busting programs which are aimed at creating a viable and sustainable motion picture industry in New Mexico are not working well. In July, the state's largest movie studio, Albuquerque Studios, filed for bankruptcy. Not exactly a Hollywood ending.⁷⁹

State funding of arts isn't the only problem in New Mexico. Taxpayers across the nation and at home are paying for federally funded questionable art.

Tax Dollars for Dirty Movies

New Mexico Arts also received \$297,000 in federal stimulus funds in the name of “arts recovery.” Seventeen arts organizations across New Mexico shared in \$250,350 of the taxpayers’ hard-earned money. Of the remaining cash, \$2,650 was used to administer the funds; \$44,000 went to hire a public art contractor to oversee the purchase of an additional \$400,000 in taxpayer-subsidized purchases of artwork.⁸⁰

The stimulus handout included:

- \$20,000 for the Española Valley Fiber Arts Center;
- \$20,000 (Española) Keshet Dance Company (Albuquerque);
- \$20,000 for the Mimbres Region Arts Council (Silver City);
- \$20,000 for Santa Fe Pro Musica (Santa Fe);
- \$20,000 for the Taos Center for the Arts (Taos);
- \$17,500 for the El Morro Area Arts Council (Ramah);
- \$7,800 for the Deming Arts Council (Deming); and
- \$7,500 for High Road Artisans (Truchas).⁸¹

Another organization receiving \$20,000 in stimulus funds was 516 Arts in Albuquerque. In 2009, the group featured *Chicana Badgirls: Las Hociconas*, which highlighted prints from Cecilia Portal’s *Sueños y mitos/Dreams and Myths* series.⁸² The series is a set of a few dozen photographs of naked people, standing and sitting outdoors, while wearing masks.⁸³

Other works featured in the *Chicana Badgirls: Las Hociconas* exhibited included, “The Torn-Up Christ,” an image of Jesus on the cross with his arms ripped off, and *America the Beautiful*, a live-performance film in which a nude woman puts a disposable toilet seat cover over her head, then wraps herself in clear packing tape and climbs a ladder.⁸⁴

The NEA Has Government Waste Down to an Art

After the initial \$297,000 in stimulus funds reached New Mexico, the federal government decided to further stimulate the arts in the Land of Enchantment by passing out an additional \$300,000 in federal money.⁸⁵

The National Endowment for the Arts, which gives away tax dollars for arts-related purposes, chose the following nonprofits to split the bounty:

- \$50,000 for the Georgia O’Keeffe Museum (Santa Fe);
- \$50,000 for the National Hispanic Cultural Center Foundation (Albuquerque);
- \$50,000 for the Santa Fe Art Institute (Santa Fe);
- \$50,000 for the Santa Fe Opera (Santa Fe);

- \$50,000 for the Working Classroom, Inc. (Albuquerque);
- \$25,000 for the Fine Arts for Children and Teens, Inc. (Santa Fe); and
- \$25,000 for Santa Fe New Music, Inc. (Santa Fe).⁸⁶

\$1.75 Million Among Friends

Before leaving office, former Gov. Bill Richardson got into the act of using stimulus funds to support arts programs. Richardson gave \$1.75 million of the nearly \$58 million in discretionary funds at his disposal under the American Recovery and Reinvestment Act of 2009 to renovate Los Luceros, a state-owned ranch on the Rio Grande between Española and Taos. The ranch serves as a headquarters for a film institute run by Richardson’s friend Robert Redford.

According to the *Albuquerque Journal*, the \$1.75 million handout will be used “to construct a multipurpose room with a capacity of 72 people, redesign outdoor space, expand a kitchen, build a bathhouse and create additional sleeping quarters.”⁸⁷

What may seem like “free money” from the government should be disturbing to New Mexico residents as they consider the other 49 states and how much of their hard-earned tax dollars are paying for arts in the other states.

Education

Federal, state and local governments share responsibility for funding education, and all three levels of government have failed to deliver a good product at a reasonable cost. New Mexico is a classic example of why oversight of such expenditures is critical.

When Taking Tax Dollars Turns Tragic

Gallina, a hamlet of 493 residents in northern New Mexico, seems like an unlikely home for one of the state’s most outrageous abuses of education dollars.⁸⁸ Kathy Borrego, the former business manager for the Gallina-based Jemez Mountain School District, put the tiny town on the map after it was uncovered that she embezzled \$3,378,701.27 from the district over the course of her decade-long career.⁸⁹

Borrego managed to steal 538 school district checks, cashing or depositing 535 of them, and writing three more to entities or people who weren’t entitled to the money.⁹⁰

The size and scope of the embezzlement is particularly shocking given that the district operates just five schools that serve less than 400 students.⁹¹ The \$3.4 million that Borrego skimmed from the district’s coffers represents more than 80 percent of the \$4.2 million annual operating budget of the Jemez school district.⁹²

Court records indicate that Borrego was a frequent visitor to Las Vegas casinos and gambled away much of the money that she pilfered from taxpayers. A Santa Fe district attorney uncovered that Borrego, her husband and her daughter lost more than half a million dollars playing slot machines at various New Mexico casinos.⁹³

After pleading guilty, Borrego faced 41.5 years in prison for her crimes. According to prosecutors, if Borrego had been charged for each stolen check, rather than the total dollar amount embezzled, she could have faced more than 900 years behind bars.⁹⁴

Sadly, in May 2010, just 55 hours before she was to be sentenced, Borrego committed suicide.⁹⁵ Borrego's death makes recovering any of the stolen money unlikely and restitution impossible, forcing taxpayers to fill in the shortfalls created in the Jemez Mountain School District's budget.

“Moore” or Less a Criminal

Jamie Moore, a former employee at the Lovington School District's central office, apparently learned a thing or two from Kathy Borrego's scam. Between May and December 2009, using a fake name, address and social security number in order to write bogus checks, Moore allegedly skimmed \$15,790 from the school district.⁹⁶ In total, Moore was charged with a dozen counts of embezzlement and one count of identity theft for her alleged check writing scheme.⁹⁷

Financial mismanagement is nothing new for the Lovington School District. In fact, State Auditor Hector Balderas warned that the district's fast and loose bookkeeping practices may make the school system susceptible to the type of fraud and theft of tax dollars of which Moore is accused. In a letter dated May 11, 2010, Balderas informed the Lovington Municipal School Board that the district exceeded its budget by \$1.4 million and financial irregularities plagued at least 25 of the district's budgetary funds.⁹⁸

To make matters worse, the Lovington School District is one of only five school districts in the state that Balderas designated as “at risk” of fraud because of a failure to complete state-mandated audits.⁹⁹

The embezzlement of tax dollars could have been easily prevented by the Jemez Mountain and Lovington School Districts if district administrators had simply been more conscientious and steadfast in their budgetary oversight efforts. Instead, school district officials cost taxpayers millions as a result of lax controls over financial records.

Administrators Need Math Classes

The Lovington School District was not the only school district that overspent its budget. In fact, spending by the Aztec Municipal School District was \$2.6 million more than was budgeted, creating a shortfall nearly twice that of Lovington's \$1.4 million deficit.

Other New Mexico school districts spending more tax dollars than their budgets allowed were:

- \$107,094 – Rio Rancho Public Schools¹⁰⁰
- \$78,717 – Des Moines Municipal Schools¹⁰¹
- \$32,642 – Silver Consolidated Schools¹⁰²
- \$31,372 – Mora Independent Schools¹⁰³
- \$29,807 – Raton Public Schools¹⁰⁴

- \$19,972 – Los Lunas Schools¹⁰⁵
- \$19,012 – Bernalillo Public Schools¹⁰⁶
- \$18,614 – Magdalena Municipal Schools¹⁰⁷
- \$15,142 – Zuni Public Schools¹⁰⁸
- \$10,059 – Santa Fe Public Schools¹⁰⁹
- \$4,328 – Socorro Consolidated Schools¹¹⁰
- \$3,017 – Logan Municipal Schools¹¹¹
- \$876 – Wagon Mound Public Schools¹¹²
- \$666 – Las Cruces Public Schools No. 2¹¹³

The Albuquerque Public School District (New Mexico’s largest school district) also has the dubious distinction of having the most schools within its purview that failed to live within their means. In total, the administrators in the school district went over budget by more than \$1.8 million.

The Duke City Deficit District

The financial ineptitude in the Albuquerque Public School District started at the top and trickled down. The district’s highest administrators overspent their budget by \$126,913.¹¹⁴ Fifteen schools followed suit, busting their budgets from just \$1,309 to more than half a million dollars. The Albuquerque public schools that failed to make ends meet include:

- \$507,430 – The Gordon Bernell Charter School¹¹⁵
- \$299,583 – Native American Community Academy¹¹⁶
- \$200,223 – La Academia de Esperanza¹¹⁷
- \$174,876 – The Corrales International School¹¹⁸
- \$170,363 – The Learning Community Charter School¹¹⁹
- \$139,605 – The Career, Academic & Technology Academy¹²⁰
- \$95,832 – The 21st Century Charter School¹²¹
- \$38,398 – La Resolana Leadership Academy¹²²
- \$33,579 – La Promesa Early Learning Center¹²³
- \$30,162 – The Ralph J. Bunche Academy¹²⁴
- \$15,747 – Albuquerque Talent and Development Secondary Charter School¹²⁵
- \$5,660 – Montessori of the Rio Grande¹²⁶
- \$3,400 – The Christine Duncan Charter School¹²⁷
- \$2,698 – The Bataan Military Academy¹²⁸
- \$1,309 – Robert F. Kennedy High School¹²⁹

The damage done to taxpayers’ wallets by Albuquerque Public Schools didn’t end with budgetary bungling. Several employees drained the activities funds of two of the district’s elementary schools. According to state auditors, the missing money was recovered in one case, but the \$3,062 taken from the other school is still missing.¹³⁰

Mistakes, gaffes and growing pains are expected with any new endeavor, and the Corrales International School, founded in 2008, is no exception. For Albuquerque taxpayers, however, the lessons learned by the school came with a very steep price tag.

In one instance, administrators at Corrales did not follow proper bidding procedures when attempting to purchase an item. As a result, the school paid \$71,010 for something that should have cost taxpayers \$50,000.¹³¹ Additionally, the school's payments to vendors exceeded the contract amount twice for a total unauthorized expenditure of \$19,243, according to state auditors.¹³²

Finally, the Corrales board approved a salary for a temporary head administrator and school director in the amount of \$24,000. The agreement was then changed without the board's formal approval to pay the contractor \$28,000 for his services.¹³³

Like the Corrales International School, the Bernalillo Public School District paid more than was authorized for employee salaries. According to a state audit, Bernalillo school employees racked up \$24,991 in inappropriate overtime payments.¹³⁴

Pork Buys Pork

Belen Consolidated School District employees in charge of overseeing the food storage warehouse for the school system's cafeterias apparently helped themselves to approximately \$1,300 worth of taxpayer-financed pork and frozen yogurt. According to inventory analyses performed by state auditors, discrepancies existed between amounts reported on the district's year-end inventory report and the contents of the warehouse's refrigerators. As a result, \$1,224 worth of pork and a case of fro-yo valued at \$99.95 was unaccounted for.¹³⁵

Unfortunately for Belen's taxpayers, the missing food caper was only one example of the school district's poor stewardship of public funds. Rather than purchasing goods for the school system from the lowest bidder, staff in the district's business office bought items from a vendor connected to employees of the office. As a result, taxpayers paid \$971 more for the item than if the purchase was made from the lowest bidder.¹³⁶

Teachers at the Cobre Consolidated School District went on a spending spree at taxpayers' expense. After receiving authorization from district management to spend no more than \$300 to purchase supplies and giveaways to use as incentives for students, several teachers splurged on \$2,802 worth of Wal-Mart gift cards.¹³⁷

Ivory Towers of Overspending

Wasteful spending of taxpayer-funded education dollars doesn't stop with the 12th grade in New Mexico. Several of the state's postsecondary institutions broke the bank by exceeding their budgets.

With 24,879 students, Albuquerque's Central New Mexico Community College is the largest postsecondary institution in the state.¹³⁸ The school can also lay claim to a less prestigious distinction: The school that went most over budget, by a total of \$5.3 million.¹³⁹

Eastern New Mexico University and New Mexico Highlands University each managed to shatter their budgets as well, by \$1,174,378¹⁴⁰ and \$638,924 respectively in fiscal year 2009.¹⁴¹

State Agencies

The Tourist Trap of Taxpayers' Cash

As noted earlier in this report, the New Mexico Economic Development Department manages the Cooperative Advertising Program, a give-away of tax dollars to subsidize advertising by local and tribal governments, and economic development organizations. The Tourism Department has a similar scheme to prop-up fairs, festivals and historic sites. The Cooperative Marketing Program hands out taxpayers' money to offset up to half of the costs associated with the marketing and promotional efforts of local governments, chambers of commerce and special events.¹⁴²

In 2010, \$740,000 went to recipients of the Cooperative Marketing Program, including:

- \$29,300 to the city of Alamogordo;
- \$26,000 to the city of Truth or Consequences;
- \$20,700 to the town of Red River;
- \$14,300 to the city of Las Cruces Convention & Visitors Bureau;
- \$12,800 to the Santa Fe Opera;
- \$9,000 to Ski New Mexico, Inc;
- \$8,300 to the Taos Ski Valley Chamber of Commerce;
- \$7,500 to the Albuquerque International Balloon Fiesta;
- \$7,000 for Gallup's Rt. 66 Freedom Ride;
- \$7,000 for the Hike It & Spike It flag football tournament in Roswell;
- \$6,000 to the Las Cruces International Mariachi Conference;
- \$3,800 to the Los Alamos Ski Club;
- \$3,000 to the Southern New Mexico State Fair & Rodeo;
- \$2,300 to the Rt. 66 Association;
- \$1,100 to Billy the Kid Scenic Byway;
- \$1,000 to the Anderson-Abruzzo International Balloon Museum Foundation;
- \$1,000 to the Santa Fe Wine & Chile Fiesta; and
- \$1,000 to Rio Rancho's annual Pork & Brew State BBQ Championship.¹⁴³

No Authority on Balanced Budgets

Regional housing authorities in New Mexico help low-income families find affordable housing. However, the Region VI Housing Authority – also known as the Eastern Regional Housing Authority – seems to be doing more harm than good to New Mexicans. Thanks to staggering

financial mismanagement at almost every level of the organization, the housing authority exceeded the budget of nine separate funds.

The funds that overspent their limits include:

- \$340,943 for the Section 8 Housing Program Fund;
- \$135,833 for the Weatherization Program Fund;¹⁴⁴
- \$231,766 for the Administrative Services Department Fund;
- \$89,953 for the Casa Hermosa Development Fund;
- \$38,512 for the Colonial Hillcrest Development Fund;
- \$29,621 for the Low Rent Public Housing Program Fund;
- \$28,380 for the Woodleaf Development Fund;
- \$4,845 for the Rio Felix Farmers Home Administration Program Fund; and¹⁴⁵
- \$4,645 for the La Posada Development Fund.

In total, the housing authority was over budget by \$904,498. After the agency wasted this money, supervisors rewarded all their employees with a Christmas bonus that cost an additional \$16,550. Not only was the bonus undeserved, but according to auditors, it violated two provisions of the New Mexico Constitution.¹⁴⁶

Budget-Busting Bureaucracies

While no other agency in the state quite matches the Eastern Regional Housing Authority's lack of competence at balancing a budget, two other state bureaucracies received red flags from state auditors for exceeding their approved budget amount.

New Mexico's Department of Information Technology overspent its budget by \$83,983 in the Central Telephone Service fund and \$14,843 in the Information Management Technology Office, for a total of \$98,826.¹⁴⁷

Expenditures by the state's Health Policy Commission exceeded its approved budget as well, in the amount of \$5,848.¹⁴⁸

Setting a Bad Example

The New Mexico Department of Finance and Administration website claims that "fiscal discipline is the key to responsible government." The website continues, is "committed to sound fiscal management practices and ensuring accountability in the use of taxpayer dollars."¹⁴⁹

Those sound fiscal management practices and promises of accountability recently were shown to be mere assertions when the Department of Finance and Administration racked up \$491 in interest and late fees for credit card bills not paid on time.¹⁵⁰ It's far from comforting that the agency in charge of overseeing the state's finances can't manage to pay its own bills on time.

A License to Steal from Taxpayers

Under the guise of public safety, New Mexico's state government hijacked \$25.2 million from taxpayers this fiscal year to fund the Regulation and Licensing Department.¹⁵¹ The department oversees more than 30 boards that determine how a myriad of professions and trades are run in New Mexico. The boards also govern the requirements necessary for employment in those fields.

While knowing that a pharmacist or dentist has some obscure seal of approval from representatives of the Great State of New Mexico may provide a sense of security, the Regulation and Licensing Department does little more than protect cartels with a stranglehold on niche fields and raise prices for consumers.

By allowing a board of professionals and business owners within a field to determine the requirements to allow new people into that industry, the state condones unnecessarily burdensome regulations and excessive licensing requirements. Professionals already in the field use the boards to prevent new professionals from joining their ranks by demanding steep fees and rigorous educational requirements from newcomers. The scarcity created by limited competition means higher prices and poorer quality for consumers.

Perhaps the most blatant example of an unnecessary entity is the Interior Design Board. IT was created by existing interior designers seeking to limit competition and exempt themselves from the licensing rules they helped to create.

According to the Interior Design Board's website, one of its primary missions is to "ensure public safety."¹⁵² It is hard to imagine the public safety threat posed by interior designers. The real threat is to New Mexico's taxpayers, who learn that they will pay \$28,400 to underwrite the Interior Design Board during FY 2011.¹⁵³

Other state regulatory and licensing boards with steep costs and questionable value to taxpayers include:

- \$901,900 for the Board of Barbers and Cosmetologists;¹⁵⁴
- \$260,300 for the Massage Therapy Board;¹⁵⁵
- \$226,100 for the Board of Acupuncture and Oriental Medicine;¹⁵⁶
- \$160,400 for the Signed Language Interpreting Practices Board;¹⁵⁷
- \$33,100 for the Board of Landscape Architects;¹⁵⁸
- \$21,000 for the Athletic Trainer Practice Board; and¹⁵⁹
- \$5,400 for the Naprapathic Practice Board.¹⁶⁰

Supporters of New Mexico's regulatory and licensing boards may claim that they are successful at keeping customers safe. The boards are actually most successful at preventing competent New Mexicans from getting jobs and soaking consumers with higher prices across the state. If any or all of these boards were to be abolished, New Mexicans would save millions of dollars in taxpayer money and likely millions more from lower costs for these services.

Local Government

Former Speaker of the United States House of Representatives Thomas “Tip” O’Neill often quipped that “all politics is local.” It is also true is that quite a bit of government waste is local.

Ben Luján’s Paving Predicament

A Santa Fe County resident was puzzled upon seeing a county paving crew resurfacing the parking lot of the Sacred Heart Catholic Church in Nambé. After the resident contacted local officials for an explanation, the county undertook an investigation that uncovered wrongdoing not only by county officials, but also by one of the most powerful elected officials in the state, New Mexico House Speaker Ben Luján.

Luján, who lives near the church, apparently ordered Santa Fe County administrators to use county workers and equipment to pave the church’s parking lot with asphalt millings belonging to the state.

The unscrupulous paving task cost taxpayers about \$5,500, but the expense to Santa Fe County residents didn’t end there. According to the *New Mexican*, the church’s illegal paving job was done without any engineering oversight. As a result, fears of runoff and other possible damage to neighboring properties forced the county to remove the church’s pavement, costing taxpayers an additional \$3,000.¹⁶¹

Santa Fe Scams and Screw-ups

Santa Fe County budgetary problems went far beyond the church parking lot resurfacing rip-off. A state audit uncovered several other financial gaffes.

In several instances, county employees abused government gas cards. In two cases, a gas card was used twice within a span of only a few minutes, indicating that a county employee used the taxpayer-funded card to purchase fuel for a personal vehicle. In 10 other cases, cards assigned to diesel vehicles were used for gasoline purchases, raising suspicions that taxpayers were again paying for county employees to top-off their own cars.¹⁶²

Purchasing process mistakes resulted in the county overpaying a vendor three separate times for a total of \$9,076.¹⁶³ Laziness also cost Santa Fe County taxpayers when a tardy payment on a legal invoice resulted in a \$100 late fee.¹⁶⁴

Misuse of Municipal Money

Cities and counties across New Mexico had a difficult time living within their means, according to 2009 budget audits by the state auditor. The following municipal governments exceeded the amount allowed by their budgets:

- \$1,159,721 – Sandoval County¹⁶⁵
- \$448,978 – Village of Williamsburg¹⁶⁶
- \$220,197 – Village of Milan¹⁶⁷
- \$211,234 – Eddy County¹⁶⁸

- \$59,268 – Village of Eagle Nest¹⁶⁹
- \$30,661 – Colfax County¹⁷⁰
- \$17,625 – Town of Red River¹⁷¹
- \$498 – Guadalupe County¹⁷²

Not to be outdone, the Rio Arriba County Housing Authority, a component of the Rio Arriba County government, bypassed its budget by \$263,986.¹⁷³

Taxpayers in each of these areas stand to pay more in taxes, or face a reduction in other services, because of the inability of municipal leaders to balance the budget.

Catron County Clumsiness

Perhaps no county in the state has a more shocking example of overspending than Catron County.

The county authorized a budget of \$10,000 for the Enhanced 911 Fund (this money comes from a tax of \$.51 cents a month that is paid by customers of telecommunication companies who provide wire access or wireless lines capable of originating a 911 call).¹⁷⁴ Despite serving an area of fewer than 3,500 residents, the county spent \$510,821 from the fund, exceeding its approved budget by a staggering half a million dollars.¹⁷⁵

The profligate spending in the state's largest county by size didn't end with the 911 Fund. The county also exceeding spending limits in the County Apache Creek Fire Special Revenue Fund by \$6,352 and in the Coyote Creek Fire Special Revenue Fund by \$2,802.¹⁷⁶

Additionally, missing credit card receipts and hazy documentation raise suspicion regarding four purchases by the Catron County Sheriff's Department. In total, \$250 in taxpayer-funded credit cards purchases remain unjustified.¹⁷⁷

According to a FY 2009 audit, Catron County has one of the most generous benefits packages around. Five employees received paid time off even though they had not earned it. The audit uncovered the following instances:

- One employee had 13.10 hours of sick leave available but was paid for 24.00 hours.
- One employee had 14.00 hours of sick leave available but was paid for 24.00 hours.
- One employee had 12.60 hours of vacation available but was paid for 16.00 hours.
- One employee had 42.00 hours of sick leave available but was paid for 45.00 hours.
- One employee had 5.00 hours of sick leave available but was paid for 8.00 hours.¹⁷⁸

Catron County also potentially cost taxpayers thousands by awarding five-and six-figure contracts without obtaining a competitive sealed bid. In one case, the county made road improvements at a cost of \$665,886 without following proper bid procedures. County officials made the same mistake when purchasing eight large roll-off containers for \$45,400.¹⁷⁹

'Querque Con-Artist

A former principal engineer at Albuquerque's Department of Municipal Development allegedly padded his pockets by selling taxpayer-purchased city property. Andrew Gallegos faces charges of fraud and embezzlement for illegally selling more than \$37,000 worth of city property.

Gallegos' apparent con went on for three years, during which time he sold Albuquerque city property, including five highway message boards and a mechanical saw, straight off of city-owned lots.¹⁸⁰

Red Light Cameras in the Red

Since 2004, Albuquerque's Automated Photo Enforcement Program – better known to Duke City drivers as red light cameras – has had many city residents seeing red. But the \$75 fine for rolling through a red light seems like a pittance after a citywide audit discovered that the Photo Enforcement Fund was expected to overspend its \$1,306,000 budget by a preposterous \$732,000. In total, Albuquerque's red light cameras stand to cost taxpayers plenty of green – more than \$2 million.¹⁸¹

Procurement Problems Plague Union County

Union County has been playing fast and loose with taxpayers' money by failing to follow proper purchasing and budgeting protocols. The fiscal manager of the state's northeastern-most county spent \$4.6 million on equipment and labor costs to build a new county hospital. The Union County Commission, however, never authorized the spending.¹⁸² Costs associated with \$154,925 in fuel purchases and the acquisition of a 1,500 gallon portable tank that set taxpayers back \$27,955 are also in question after the county failed to competitively bid the purchases.¹⁸³

Auditors also worry that the proper purchasing procedures were not followed when the county purchased responders for \$11,245, police car radios for \$17,514 and five laptops for \$14,863, possibly resulting in being overcharged for the goods.¹⁸⁴

Spendthrift in Socorro

According to a 2009 audit by New Mexico's auditor, Socorro County's decision to give a bonus to all salaried employees was not only an unjustified expense of tax dollars, it also violated the New Mexico Constitution's anti-donation clause by giving a retroactive salary increase for work already performed at a previously agreed-upon rate of pay.¹⁸⁵

Such a boneheaded budgetary move shouldn't be surprising in Socorro County. After all, under the not-so-watchful eye of county administrators, one county employee used a government gas card to pump \$5,518 worth of gas for personal use in just one calendar year.¹⁸⁶

The county's expenditures also exceeded the annual budget by \$26,796 during FY 2009.¹⁸⁷

Federal Spending

Even though this is the *2011 New Mexico Piglet*, state taxpayers are still on the hook for projects funded by the federal government. While the money is coming back to the state, New Mexicans can decide for themselves whether any level of government should be funding these projects.

Expensive Snails and Guinea Pigs

There are 721 projects in New Mexico costing taxpayers \$292.6 million funded by grants (found within the regular budget, not the stimulus) from the U.S. Department of Health and Human Services.¹⁸⁸ Any time government spends that kind of money, some of it ends up being used in very odd ways.

Some of the strangest taxpayer-funded health projects in New Mexico include:

- \$1,019,464 to develop an Internet training program to prevent bartenders and servers from over-serving alcohol to patrons;
- \$375,000 to the University of New Mexico to study sleep apnea-induced hypertension in rats;
- \$320,760 to the Lovelace Respiratory Research Institute to investigate how guinea pigs respond to respiratory ailments;
- \$203,525 to the University of New Mexico to study infections in snails;
- \$100,000 to the Ramah Navajo School Board to encourage Ramah Navajos to eat healthier;
- \$45,228 to the University of New Mexico to study the immune systems of bats;
- \$36,958 to the University of New Mexico to encourage women with overactive bladder symptoms to consume less caffeine;
- \$16,711 to Los Alamos National Laboratory to study how birds react to infectious diseases; and
- \$8,195 to the University of New Mexico to determine if women who use illegal drugs admit to drinking alcohol during pregnancy.¹⁸⁹

A Roadside Robbery

The U.S. Department of Agriculture's Agricultural Marketing Service used \$5 million of federal tax money to improve farmers' markets, roadside fruit stands and agri-tourism activities in fiscal year 2010.¹⁹⁰

Among the 77 grants awarded by the Agricultural Marketing Service were two to New Mexico recipients:

- \$63,914 to the city of Albuquerque, to organize and establish a sales and marketing organization for a permanent farmers' market in downtown Albuquerque; and,
- \$54,086 to the Santa Fe Farmers' Market Institute for professional development workshops, consumer education and promotion of the existing food stamp program.¹⁹¹

In 2011, these obscure handouts will cost taxpayers even more. In late 2010, Congress authorized the Agricultural Marketing Service to increase its giveaways to \$10 million per year.¹⁹²

Spendthrift Stimulus Spending

The American Recovery and Reinvestment Act of 2009, known to most as the Stimulus Bill, spent a jaw-dropping \$862 billion of taxpayers' money. New Mexico received an estimated \$3.9 billion in funds under this legislation.¹⁹³

New Mexico received \$3.9 billion from this legislation; \$521 million went for public education.¹⁹⁴ Programs for individuals with disabilities received \$94.5 million.¹⁹⁵ Nearly \$71 million was spent on science and technology research.¹⁹⁶

But these massive numbers don't tell the real story of how tax dollars were spent – and wasted – in New Mexico.

Some of the more dubious stimulus projects in New Mexico included:

- \$1.3 million to “bribe” New Mexico residents to purchase energy-efficient washing machines and refrigerators;¹⁹⁷
- \$1 million for a subsidized loan for O’Niell’s Pub in Albuquerque, a hangout and favorite fundraising spot of Rep. Martin Heinrich (D), who voted for the stimulus package;¹⁹⁸ and
- \$1 million to Rio Rancho to build a new fire station, forcing taxpayers from Maine to Hawaii to pay for the project, even though almost every other city and town in America had to pay for their fire halls themselves.¹⁹⁹

It Created Few Jobs than Advertised, but those Road Signs sure Are Neat

The primary purpose of the stimulus bill was job creation. Unfortunately, stimulus jobs in New Mexico were expensive for taxpayers. According to New Mexico Watchdog, each job the stimulus “created” in New Mexico cost taxpayers \$445,858.²⁰⁰

The *Santa Fe Reporter* wanted to know how many private sector jobs were created in Santa Fe as a result of \$1.7 million in job growth-related stimulus spending in the city. The shocking answer – “not counting government jobs ‘retained’ and not counting temporary work” – is two. Both of those jobs report to a company headquartered in Colorado Springs, Colorado.²⁰¹

Going Green Costs Green

Twenty-one cities and counties across the state shared in \$8.1 million in tax dollars to fund to energy efficiency improvements in government buildings.

Municipalities receiving handouts for green improvements included:

- \$500,000 to the city of Santa Fe to upgrade the efficiency of seven city buildings;
- \$500,000 to Mora County for courthouse energy efficiency measures;
- \$451,680 to the city of Espanola to install a geothermal heating system;
- \$397,000 to the city of Bloomfield to install sidewalks and bike paths;
- \$186,834 to the city of Lordsburg to increase energy efficiency of the town’s civic center;
- \$103,000 to Los Alamos County for a solar thermal project; and
- \$52,000 to the city of Tucumcari to install more efficient lighting in the city hall.²⁰²

Cities and counties weren’t the only entities in New Mexico receiving stimulus giveaways to increase energy efficiency. Schools, colleges, tribes and other government entities shared in \$24.2 million in taxpayer funding.

Some of the 28 projects receiving the taxpayer funds included:

- \$500,000 for windows and HVAC replacement at the Museum of International Folk Art;
- \$492,600 to the Rio Metro Regional Transit District for solar-powered shade parking structures and bike lockers;
- \$456,775 to Northern New Mexico College to repair existing solar panels;
- \$434,660 for insulation upgrades at the Institute of American Indian Arts in Santa Fe;
- \$230,000 for energy efficient lighting at the University of New Mexico;
- \$119,800 to the Magdalena Municipal School District for solar thermal collector and storage systems;
- \$99,990 for a biomass heating system at Walatowa Visitor Center in Jemez Pueblo; and
- \$71,500 to the State Fair Commission for LED lighting in the Expo NM parking lot.²⁰³

Spending of tax dollars to make New Mexico’s schools greener didn’t end with grants to school systems. The state received \$10 million in “federal stimulus funds for the development of photovoltaic (PV) or solar electric systems in public schools statewide.” The \$10 million went toward the purchase and installation of 100 kilowatt solar PV energy systems for between 15 and 20 school districts in New Mexico.²⁰⁴

Take This Green Job and Shove It

The New Mexico Department of Workforce Solutions received nearly \$6 million in taxpayers’ money through the stimulus in order to foster green jobs.

The money is supposed to create new workforce training for the state’s renewable energy and energy efficiency sectors.

Additionally, the grant will fund a set of nettlesome bureaucracies. The four regional Green Industry Councils, which will be funded through the handout of tax dollars, are focused on “biofuels, solar energy, wind energy and green building/energy efficiency. Each council will pair with one of the four local workforce development boards and have representatives from business, education, organized labor, workforce and economic development organizations and state agencies including the Department of Workforce Solutions and the Economic Development Department.”²⁰⁵

Most People Try to Kill Algae, but Taxpayers Pay to Grow it

The federal government gave away \$50 million in stimulus dollars and another \$54.5 million in a taxpayer-backed loan guarantee to Sapphire Energy for an algae biofuels demonstration project. The San Diego-based company has a research and development complex in Las Cruces and plans to conduct the questionable algae project in Luna County.²⁰⁶

Mining Tax Dollars

Jemez Pueblo and the New Mexico Institute of Mining and Technology received \$7 million to promote geothermal energy development²⁰⁷ and \$994,219 for a carbon sequestration training project.²⁰⁸ It is unclear whether the nearly \$8 million in tax money the New Mexico Institute of Mining and Technology received is related to embarrassing photos of high-ranking federal officials that the school may or may not have in its possession.

Wild, Wild Horses Dragged Those Dollars Away

Tax dollars even trickled down to animals when federal lawmakers used \$150,000 to stop and prosecute illegal cockfighting, dog fighting and respond to animal hoarding cases' and another \$100,000 to manage an overpopulated wild horse herd on the Jicarilla Apache Nation.²⁰⁹

To Top it Off, They'll Only Use it for Facebook and Porn

The Internet is far from a Constitutionally-guaranteed right, but that fact might surprise federal officials who doled out more than \$120 million in stimulus broadband grants the name of Internet expansion throughout New Mexico.

Rather than allowing natural market forces to dictate when advanced Internet capabilities reach the most rural areas of New Mexico, government instead chose to bribe private companies to extend their Internet services hither and yon. As a result, rather than experiencing a competitive marketplace of Internet service choice, users will be held captive by the companies that receive the stimulus money to provide Internet Service, which will result in higher prices and poorer quality service.

The federal government gave away \$74.4 million to improve broadband or high-speed Internet access in northern New Mexico alone. The lion's share, \$63.8 million, went to the Kit Carson Electric Cooperative Fiber-to-the-Home project. The remaining \$10.6 million went to the North Central New Mexico Economic Development District. The district's REDI Net project "intends to establish a broadband network across Rio Arriba and Los Alamos Counties, and the northern part of Santa Fe County."²¹⁰

Northern New Mexico received the biggest handout of tax dollars for Internet service, but other rural areas of the state pocketed plenty of taxpayers' money as well, including:

- Northeastern New Mexico, where federal policy makers gave away \$1.6 million in tax dollars and a \$1.7 million loan to the Baca Valley Telephone Company to increase Digital Subscriber Line (DSL) availability;²¹¹
- Western New Mexico, where the Western New Mexico Telephone Company received an \$11.5 million taxpayer-funded handout to provide broadband services to remote and underserved locations;²¹² and,
- Eastern New Mexico, which received \$11.3 million through a handout to ENMR-Plateau to expand high-speed Internet access.²¹³

In addition, three New Mexico Internet service companies shared in an \$18 million windfall of stimulus money provided through, oddly, the U.S. Department of Agriculture. The service providers whose pockets are now lined with tax dollars include:

- \$11,856,832 for the La Jicarita Rural Telephone Cooperative;
- \$4,521,289 for US Cable of Northern New Mexico; and
- \$2,273,847 for the Windstream Corporation.²¹⁴

Finally, the New Mexico Department of Information Technology received \$1.9 million for broadband data collection, mapping and planning, in the hopes of increased Internet availability across the state.²¹⁵

Conclusion

During the 2010 legislative session, advocates for higher taxes, which included a majority of the Legislature, Gov. Richardson, and even some in the business community (who advocated for restoration of the grocery tax) successfully increased the gross receipts tax and the cigarette tax, and increased income taxes by reducing deductions. The audacity of raising taxes instead of cutting spending when economic times got tough played a key role in increasing Republican representation in the House and the election of a Republican governor, Susana Martinez.

Gov. Martinez, in keeping with the desires of her supporters, has pledged not to increase taxes. But with the state facing a \$400 million deficit, advocates for higher taxes are targeting so-called multi-state corporations, alcohol consumers, the oil and gas industry, and other businesses. Ultimately, the strategy of “tax and spend” is doomed to failure and elected officials must trim unnecessary and wasteful spending out of the budget before even considering digging further into taxpayers’ pockets.

The *2011 New Mexico Piglet* clearly shows that governments of all levels in New Mexico are still wasting millions of dollars despite the current tough economic times. Subsidizing golfers in Los Alamos to the tune of \$12.95 per round is just one indicator that Americans’ newfound fiscal restraint has not made its way to New Mexico government officials yet.

From corporate welfare to unnecessary arts funding, this report is a clear signal to New Mexico taxpayers and policymakers that there is still plenty of fat to be cut from government.

By eliminating wasteful and ineffective spending, policymakers in state and local governments could dramatically improve their budget situations in the short term. In the long term, New Mexico government could be made more efficient and taxes could be reduced, thus making the Land of Enchantment more attractive to businesses and entrepreneurs.

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