



## How'd She Do? A Data-Driven Look at Susana Martinez's Time in Office Compared to Her Predecessors

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### Introduction

When New Mexico's first Latina Governor, Susana Martinez, took office in January of 2011 New Mexico's unemployment rate stood at 7.7 percent. The nation was just starting to recover from the "Great Recession" of 2008.

In retrospect we know that the economy and its painfully-slow recovery in The Land of Enchantment was a top issue of Martinez's time in office and that things are finally looking up for New Mexico. Job growth is happening and New Mexico's unemployment rate stands at a relatively low 4.6 percent.

But what is Martinez's broader economic legacy? How can her record be compared and contrasted with the records of her predecessors? Finally, given the fact that any governor no matter the party, but especially for Republicans in New Mexico, what did a friendly or hostile Legislature do to impede or support the Governor in his/her efforts?

Finally, and perhaps most importantly, regardless of who is in office at any given time, what do the economic data mean for the future of our State?

**Figure 1. Unemployment**

<u>Years in Office</u>	<u>Governor</u>	<u>Average Unemployment Rate in Office</u>	<u>Change in Unemployment from First to Final Month</u>	<u>Average National Unemployment Rate</u>	<u>NM vs. National Unemployment Rate Difference</u>
2011-2018	Susana Martinez	6.65%	-3.10%	6.1%	+ .55%
2003-2010	Bill Richardson	5.56%	2.20%	6.3%	-.74%
1995-2002	Gary Johnson	5.89%	-0.70%	4.9%	+.99%

\*Unemployment Rate Data Available at: <https://www.bls.gov/web/laus/ststdsadata.txt>  
 Martinez figures include first 11 months of 2018

On the issue of unemployment, we simply calculated the average unemployment rate during the time in office of each of the last three governors and found that Martinez’s average rate at 6.65% was somewhat higher than either of her predecessors. Of course, if you look at the percentage point change in unemployment from when each governor took office to today, Martinez looks very good.

Martinez presided over an unemployment rate drop from 7.7% to 4.6% where it stands today. Johnson presided over a modest drop in unemployment rates while Richardson took over a relatively strong economy and saw the national economic crisis of 2008 push the rate upward. It is also useful to compare the average unemployment rate during each governor’s time in office with the nation as a whole.

Unemployment is of course only one part of the story. When it comes to job creation, actual job growth is critical as well. After all, if people are leaving your state to find work, unemployment rates will drop in the slow/no growth state.

**Figure 2. Job Growth**

<u>Years in Office</u>	<u>Governor Name</u>	<u>Total Job Growth</u>	<u>National Job Growth</u>	<u>Plus or Minus National Job Growth</u>
2011-2018	Susana Martinez	4.70%	11.37%	-6.67%
2003-2010	Bill Richardson	3.14%	2.41%	.73%
1995-2002	Gary Johnson	11.80%	8.65%	3.15%

\*BLS data available here: <https://www.bls.gov/web/laus/ststdsadata.txt>.

Perhaps the most interesting and concerning feature of this evaluation of the last three governors of New Mexico is the radical downward shift in New Mexico’s job growth relative to national job growth from Johnson to Richardson to Martinez. Relative to the nation the Johnson years easily outperformed the Richardson years which in turn outperformed the Martinez years when New Mexico’s job growth numbers are compared to the US as a whole.

The percentage difference of the national job growth figure is a straight percentage point difference meaning that for the time considered under Martinez national job growth was 11.37 percent while New Mexico was only 4.7%. Undoubtedly New Mexico was deeply affected by the Great Recession of 2008. This impact was perhaps by the successive retirements of Senators Domenici (retired in 2009) and Bingaman (retired in 2013).

In a healthy, growing economy state population and government spending should increase together with rates varying based on inflation. Colorado’s “Taxpayers Bill of Rights” limits the rate of government spending growth to the combined rate of inflation and population growth meaning that government spending doesn’t grow in real terms on a per-person basis. New

Mexico has no such restriction on the books. Instead, politicians can increase spending as much as they can get away with based on government revenues.

Not surprisingly, each of New Mexico’s recent governors and legislators allowed government spending to grow more rapidly than the combined rates of inflation and population growth, but Martinez did a good job of keeping state spending in check. Federal Medicaid spending however flowed into New Mexico making overall budget growth more significant.

**Figure 3 Population vs. Government Growth**

<u>Years in Office</u>	<u>Governor</u>	<u>Total Population Growth</u>	<u>General Fund Spending Growth</u>	<u>Size of State Government Workforce</u>
2011-2018	Susana Martinez	0.48%	<b>20.15%</b>	-9.23%
2003-2010	Bill Richardson	10.01%	<b>29.28%</b>	16.57%
1995-2002	Gary Johnson	7.85%	<b>56.47%</b>	-0.56%

Population data compiled from Google.

General Fund Spending data collected from post-session fiscal reviews: <https://www.nmlegis.gov/>

Size of NM Government Workforce data obtained via public records request.

**Gary Johnson** has a reputation as New Mexico’s most frugal governor and received the nickname “Governor Veto” for his efforts to constrain the spending desires of the Democrat-controlled Legislature. However, Johnson was in office in flush budget times with a Legislature that tilted strongly Democrat. New Mexico’s population grew strongly during his time in office while general fund spending growth far-outpaced either Richardson or Martinez. That said, the government workforce shrunk slightly under Johnson even while spending grew the fastest of the three governors considered here.

**Bill Richardson** had an ambitious policy agenda and, unlike Johnson or Martinez, a Legislature of the same part to help him implement his agenda. Institutional prerogatives being what they are often lead to conflict, but Richardson successfully pushed through large income tax cuts (personal income tax rates went from 8.2% to 4.9%). He also eliminated taxes on groceries while increasing the gross receipts tax rate by 0.5% and he spent hundreds of millions (or took on debt) to build the Rail Runner, Spaceport, expand film subsidies, and offer lucrative incentives to companies like Eclipse Aviation to locate in the State.

Richardson’s aggressive spending agenda was thwarted by the economic recession of 2008 which necessitated big spending cuts. Unfortunately, the Rail Runner, Spaceport, and expanded film subsidies all place greater burdens on his successors and future generations of New Mexico taxpayers.

**Susana Martinez** came into office facing the highest unemployment rate (7.7%) of the three. Facing a hostile Legislature and weak economy Martinez's economic agenda was limited in the early years. Her first big legislative "success" came in the form of HB 641 which was a complicated bill that reduced corporate tax rates but started the phase out of "hold harmless" transfers to local government that were begun under Richardson as part of the grocery tax elimination effort.

In 2015 with Republicans in control Martinez attempted to get "Right to Work" passed only to be thwarted in the Senate. Martinez's presence like that of Johnson before her did have a limiting effect on the Legislature's spending. In part due to worse economic conditions spending under Martinez, but also due in part to her efforts to constrain spending Martinez's track record on spending in the context of the General Fund is far more conservative than that of her predecessors.

Notably, while Martinez's General Fund spending was restrained, her decision (thrust upon her by the Obama Administration) to accept Medicaid expansion will necessitate future spending increases.

Finally, it is worth noting that toward the very end of her Administration, Gov. Martinez issued an important executive order to reduce occupational licensing burdens. It is unclear how these liberalized rules will be implemented and what their ultimate impact will be, but

### **Conclusion**

How much impact can a governor have on economic conditions in a particular state? This question is most often asked about presidents when partisan debates arise. Such analyses are even trickier when considering governors and their track records in states and whether they can actually implement their agendas through the Legislature or not. In New Mexico, the reality is that economic policies are made by the Legislature. Governors, regardless of party, can lay out agendas, but if the Legislature doesn't act, change doesn't happen.

What is clear is that New Mexico faces real and mounting economic challenges. Population growth and job growth has slowed dramatically in New Mexico since the Great Recession. Martinez at once both reduced the size of the government workforce and constrained spending while leaving a massive oil and gas generated surplus to her successor.

Will New Mexico recapture the growth trajectory it has traditionally experienced as the sunny and beautiful "Land of Enchantment?" It seems unlikely absent serious economic reforms, but only time will tell.