

**The Path to a High  
Road Economy:  
Investing in People,  
Creating Opportunity**

December 2005

*New Mexico Voices for Children advocates for economic and social justice, and healthy communities, for New Mexico's families and children. Founded in 1987, NM Voices integrates policy advocacy with research, communications and coalition-building to catalyze systemic change that reduces poverty and benefits children. NM Voices is recognized and relied upon by policymakers, the media, a broad range of organizations and the public for sound research and policy analysis. Policy advocacy focuses on issues such as wages, tax policy, access to health care, fair lending, adequate investments in child care subsidies, Medicaid, education and other components of New Mexico's social and economic infrastructure. NM Voices also operates community-based initiatives to support emerging community leaders and to develop youth leadership and promote civic engagement of youth.*

New Mexico Voices for Children  
2340 Alamo S.E., Suite 120  
Albuquerque, New Mexico 87106  
(505) 244-9505  
[www.nmvoices.org](http://www.nmvoices.org)

# Table of Contents

Key Terms .....	ii
Introduction .....	iii
Acknowledgements .....	iv
Executive Summary .....	v
Chapter 1: What Happened to Opportunity for All? .....	1
Chapter 2: Developing, Repairing and Overseeing the Education Training Systems .....	5
Adult Basic Education .....	5
Post Secondary Education .....	8
The Workforce Investment Act .....	11
Temporary Aid for Needy Families (TANF) .....	12
Recommendations .....	14
Chapter 3: Economic Development Incentives that Lead to a High Road Economy .....	15
Economic Development Incentives that Encourage Higher Wage Jobs .....	15
Industry-Specific Economic Development Incentives .....	16
Using Economic Development Incentives to Build a Stronger Workforce ..	17
Rewarding Employers for Work Place Literacy Programs .....	18
Recommendations .....	19
Chapter 4: Taking the Quantum Leap to Prosperity for All .....	20
Increasing the State Minimum Wage: A Step Toward Shared Prosperity ....	20
Healthcare for All: The Great Economic Development Strategy .....	21
Unemployment Insurance Benefits: A Wasted Opportunity to	
Shore Up New Mexico's Economy .....	22
Childcare Subsidies: Supporting Business and Investing in the Future .....	22
A Fair and Progressive Tax System: Sharing the Prosperity .....	23
Recommendations .....	24
Appendix A .....	25
Appendix B .....	26
Endnotes	

# Key Terms

**FAMILY:** Primary married-couple or single parent family with at least one child under age 18.

**WORKING FAMILY:** A family where all family members age 15 and over have a combined work effort of 39 or more weeks in the last 12 months or all family members age 15 and over have a combined work effort of 26 or more weeks in the last 12 months and one currently unemployed parent looked for work in the previous four weeks. The federal government defines family income as based on all family members age 15 and over.

**FAMILY IN POVERTY:** A family with an income below the threshold for poverty as defined by the U.S. Census Bureau.

**LOW-INCOME FAMILY:** A family with an income below 200% or double the threshold for poverty as defined by U.S. Census Bureau. Double the poverty threshold is used as a proxy for economic “self-sufficiency” or “family living standard”, the income a family requires to take care of basic needs, including housing, food, clothing, health care, transportation, and child care.

**MINORITY:** A person who does not classify himself or herself as white, non-Hispanic.

**LABOR FORCE:** Persons with a job or without a job and actively seeking one.

**MARGINALLY ATTACHED TO THE LABOR FORCE:** Persons who are not in the labor force, have looked for work in the past 12 months, want a job, and are available for work.

**EMPLOYED PART-TIME FOR ECONOMIC REASONS:** Persons currently working a part-time job and who would prefer, but cannot find, a full-time job.

**INCOME:** Money income only, non-cash benefits not included.

**LOW-WAGE:** A wage below the full-time, full-year wage required to keep a family of four out of poverty. In 2004, a family of four required \$18,979 to stay out of poverty (at least \$9.12/hr. on a full-time, full-year basis). For the Percent of Workers in Low Wage Jobs measure, the national low wage figure is adjusted by the state’s cost of living index, as published in Annual Federal Budget and the States by the Taubman Center for State and Local Government, Kennedy School of Government, Harvard University.

**WORKERS IN CONTINGENT JOBS:** Workers with jobs of limited duration or otherwise not considered to be permanent. Such jobs include temporary work provided by the employer or arranged through a temporary staffing agency; independent contracting; a job with an employee leasing firm; on-call work; and day labor.

# Introduction

New Mexico is aptly named the *Land of Enchantment*. The state has many assets: incomparable natural beauty and rich cultural diversity. New Mexico is a “majority-minority” state with Hispanics, Native Americans, African Americans and Asians totaling 51% of the population. Our state also has large supplies of oil and gas that have contributed to healthy financial reserves in the state budget.

But there is a sobering flip side to the state’s assets. Too many New Mexicans are poor – working hard in low-wage jobs that do not enable families to work their way into economic prosperity. In addition, a growing percentage of our workforce lacks the basic education and skills necessary for better jobs in a high road economy. It is critical to the state’s economic health for the immediate future, and for decades to come, that those currently in the workforce get more education and skills training. If they do not, the skills gap between what business needs to maintain high productivity and what the workforce can offer will continue to widen. The result will be that New Mexico will be less and less able to compete economically. We have the financial resources to make the investments that will provide returns for generations to come, and the time is right to make the commitment to our shared prosperity.

By strengthening the policies that support low-income and poor working families, New Mexico can build a high road economy for the future. That is, an economy built on innovation, quality and skills rather than on low wages and limited benefits. All of the state’s citizens will benefit.

We must be strategic. A new economy must reflect our relative geographic isolation and low-density population, which make it impossible for the state to

rely solely on manufacturing jobs, or on attracting large business to the state. What the state has to proudly offer to business is a population that is willing to work. To make our economy competitive and attractive, the state must concentrate its investments to further develop the skills and improve the education of low-income and poor New Mexicans.

A greater investment in adult basic education, financial aid for post-secondary education and related steps to build the skills and expand the knowledge of New Mexico’s working people will create the workforce of tomorrow, capable of greater productivity and greater prosperity. But, of course, at the same time, New Mexico’s economy must also create the higher-paying jobs of tomorrow.

The conditions that have kept New Mexico in last place economically can be changed. This report outlines policy choices that will lay the foundation for a high road economy. New Mexico can be not only a place of enchanting physical beauty, but also a place of economic opportunity and prosperity.



## **Acknowledgements**

New Mexico Voices for Children gratefully acknowledges the support of the Annie E. Casey, Ford and Rockefeller Foundations, funders of the National Working Poor Families Project. The project involves 19 states to date and supports local organizations that assess state policies and programs to improve economic circumstances of low-income working families. We are also grateful to Brandon Roberts, Deborah Povich, and Adair Crosely of Brandon Roberts and Associates, the project team for the national Working Poor Families Project, for the economic support of this project and for their hours of assistance in gathering and refining the data and final report. We would also like to thank Kerri Rivers and Jean D'Amico at the Population Reference Bureau, whose analysis of Census data from the American Community Survey and Current Population Survey made it possible to report on important, but not readily available, data elements. Finally, thank you to Tom Waldon for critical editing and comments.

# Executive Summary

This report urges New Mexico's leaders to look seriously at changes that can put New Mexico on a new path toward a "high road" economy. Such an economy is built on a well-trained workforce ready to take on the demands of better paying jobs in the 21<sup>st</sup> century. A high road economy generates good jobs with pay and benefits that can support a family, rather than relying on a poorly-paid workforce.

## Recommendations: Positive Steps Can Be Taken To Create Opportunity For All

To address issues confronting New Mexico, this report makes more than two dozen recommendations. Some will require increased state spending while others reflect new policy directions. Key recommendations include:

- ▶ Increase in New Mexico's **minimum wage**.
- ▶ Develop and adopt a **realistic index to measure the cost of living in New Mexico** – one that reflects the actual costs of housing, child care, transportation, healthcare and other expenses. The index should be used to adjust eligibility standards for assistance programs.
- ▶ Provide **health insurance** to all state residents.

In addition to these steps, New Mexico should increase its investment in education and develop a tracking system to assess the effectiveness of our educational investments:

- ▶ Provide significantly increased funding for **adult basic education and literacy** classes to meet the needs of New Mexico's low-wage workers.
- ▶ Adopt the **College Affordability Act and increase need-based financial aid**. This would include expanding eligibility to provide aid to adults in basic education classes, part-time students and those enrolled in non-credit career classes.
- ▶ Use some of the employer taxes collected in the state to fund training and education for low wage workers. Such training will benefit not only workers, but also employers looking to remain competitive with a well-prepared, productive workforce.
- ▶ **Establish a data tracking system**, similar to one used by Florida, that would allow the state to follow students from pre-kindergarten through post-secondary education and into employment. With this information, officials could assess the returns on the state's investment in education and training programs, and could use the data to improve policies.



## **A Disproportionate Percentage of New Mexico's Workforce Is Low Wage**

What emerges in this report is an ambitious but urgently needed agenda. By acting on these proposals, New Mexico can demonstrate that it values work and our working families.

But this agenda is not only about helping lower-income working families. All of the state's residents stand to benefit from these proposals. A better trained and supported workforce will help New Mexico's employers become more competitive and create new jobs. More jobs translate into higher state revenues. Increased state revenues translate into a better quality of life for all New Mexicans.

## **New Mexico Stuck At The Bottom In Key Indicators of Economic Well-Being**

The data in this report shows that New Mexico is mired at the bottom nationally in many key measures. This should be a wake-up call for elected officials, economic development leaders, business owners and, indeed, all of the state's residents.

New Mexico is at, or near, the bottom, in indicators of economic well-being:

- ▶ A full 43 percent of all working families in New Mexico are considered low-income, meaning they earn too little to adequately support themselves.
- ▶ The New Mexico economy has become deeply dependent on low-wage jobs. Roughly one out of three workers here holds a job paying less than the federal poverty wage of \$9.12 an hour, or \$18,979 annually for a family of four.



- ▶ Adults in low-income working families are often poorly equipped to advance in the labor market, as four out of ten have at least one parent without a high school diploma or a GED.

We have the highest proportion of families working in jobs with woefully inadequate pay and benefits. A major portion of our workforce lacks the training and skills to move into good-paying jobs, and a tremendous income gap separates the well-off from the struggling. These statistics make clear that the state must take action immediately – with systemic change and policy adjustments – to improve its workforce, generate workplace opportunity and build a stronger economy.

## **Without Greater Investment in Education and Skills Training, Per Capita Income Will Drop**

State government has for too long ignored the growing number of workers at the bottom of the economic ladder and failed to foster opportunity and advancement.

A glaring example is in the state's education system. About 17 % of the state's adults in the prime working years – ages 25 to 54 – lack a high school diploma or GED. But, that global statistic doesn't tell the whole story. Of working age adults, 33% of Hispanics, 26%



of Native Americans and 7% of whites lack a high school education or GED. Because the demographics of New Mexico are changing, there will be fewer whites in the workforce, and by 2020, 59% of the workforce will be comprised of other racial/ ethnic groups. Unless there are changes, New Mexico will see a drop in the per capita income of adults.

New Mexico has taken inadequate steps to provide the assistance or educational opportunities these low-wage workers need to move up in the workplace. Last year, the National Report Card on Higher Education gave New Mexico an "F" in its measure of the affordability of the state's colleges. Even community college, the least expensive post-secondary option, remains unaffordable for many of New Mexico's low-wage workers. And while the state has a significant number of functionally illiterate adults, it spends less than half of the national average on basic adult education and literacy programs.

In the economic development arena, the state could do more to help employers and employees alike, through carefully crafted training, job-skills and literacy programs. The state provides subsidies to private employers but fails to insure that the assistance is being used to create good jobs with family-supporting wages and benefits. And the state government is not unified in its approach to workforce development issues, a situation that inhibits its efforts.

## **Conclusion**

While individual workers must take responsibility for their own lives by working hard and looking for ways to improve their skills, the state must do its part by providing meaningful support and real opportunities for advancement. To be sure, New Mexico can do far more to fulfill this critical obligation.

New Mexico is a place of astonishing beauty, vast potential and bountiful assets, including world-class scientific facilities, a vibrant ethnic mix and a strong tourism industry. New Mexico is also a place with vast needs and an economy that is among the worst in the nation in key measures.

New Mexico policy-makers stand at an important crossroads. The current direction is untenable; the state cannot afford to ignore the problems confronting so many of its workers, families and employers. Instead, it is time to make decisions that will put the state on the right path – to a high road economy.



# Chapter 1:

## What Happened to Opportunity for All?

*There is deep poverty in New Mexico but for many of the state's more affluent residents it remains largely hidden and seemingly irrelevant. Yet, research is showing increasingly that the economic future of the comfortably middle- and upper-class is linked to the prospects for the poor and near-poor. This realization demands policy solutions that allow more people to move out of poverty and into self-sufficiency and a share of the state's prosperity. Doing so improves the future for everyone.*

A high road economy is a competitive one built on innovation, quality and skills rather than on low wages and limited benefits. Today, unfortunately, New Mexico cannot compete with other states in areas such as innovation and worker preparedness. But, we *can* achieve a high road economy and the first step is to insure that families here thrive. When families have enough to sustain their children, they rely less on public assistance, and their higher incomes expand the tax base.

Our state cannot succeed while a growing segment of our population, despite working hard, makes too little to support a family. This basic inequity of workers living in poverty undermines a bedrock American notion of fairness. The corrosive effects on a family that works hard but fails to attain self-sufficiency, much less prosperity, threaten all of us.

Too many families are working hard in New Mexico but live in poverty or very near it. Despite having a working adult, 43% of all working families in New Mexico are low-income. No other state had a higher percentage of working families who are low-income.<sup>1</sup>

"Low income" refers to a family with an annual income less than 200% of the federal poverty threshold (FPL).<sup>2</sup> In 2003, the federal poverty

threshold (100% FPL) for a family of four was \$18,810<sup>3</sup> in annual earnings. A family of four earning twice that, \$37,620, is considered low-income.

Some observers see the large percentage of low-income working families but remain skeptical, concluding perhaps that many such families are just not working hard enough. It isn't true. Full time work is 2,080 hours per year, but the average work effort for New Mexico's low-income families was 2,528 hours a year in 2003. Those extra hours equate to 56 more days of work each year.<sup>4</sup>

Another myth is that young people just entering the work force make up this population of low-income workers and will move on to better paying jobs. In fact, in 87% of low-income working families in New Mexico, there is at least one parent in the prime working age range of 25 to 54.<sup>5</sup>

There is a direct link between a lack of educational attainment and low wages. Of the low-income working families in New Mexico, more than 41% have at least one parent without a high school diploma or a GED. For poor working families (those with income at or below the federal poverty level) the number is higher than 50%. In both measurements New Mexico ranks 46<sup>th</sup> in the country.<sup>6</sup> Not surprisingly, only a small percentage of these families have a parent with at least some post-secondary education: 39% of low-income working families and 29% of working families living in poverty.<sup>7</sup>

These data, while alarming, don't fully describe the problems of low-income working families, or the issues the state must confront to help them move toward self-sufficiency.

Consider housing, which is often a family's biggest expense. According to the federal government's standard for affordability,

housing should cost no more than one-third of a family's income. In New Mexico, about 37% of low-income working families pay more

than one-third of their income for shelter.<sup>8</sup> That leaves less than two-thirds of their income to pay for the other household expenses, including taxes, healthcare, child care, food, utilities and transportation.

### **A Real Bare Bones Budget**

The federal poverty level was established in the 1960s, when the cost of food was about one-third of a family's monthly budget. Using a simple formula that multiplied food costs by three, the Social Security Administration created a "poverty threshold" for families in America, which grew into the "federal poverty level (FPL)". This measure, long outdated, is the yardstick for family eligibility for a host of social support programs at both the federal and state level. From food stamps (set at 130% FPL by the federal government) to child care assistance (150% FPL in New Mexico), families are faced with a means test for essential help, but the means test no longer measures the real need.

Faced with the incongruity of a federal poverty level that sets limits on aid, but is no longer an accurate measure of the lowest threshold of need, New Mexico Voices for Children and other organizations around the country have conducted independent studies to establish a real poverty threshold. In New Mexico, the study resulted in a report called the Bare Bones Budget.

NM Voices and ally organizations collected data from 52 communities in New Mexico in 2003 about basic living costs, including food, housing, child care, healthcare, transportation, clothing, miscellaneous personal necessities and taxes. Excluded were the costs of recreation, school supplies, travel, dental and eye care, alcohol and tobacco, meals eaten out, pets and related expenses, vehicle maintenance, credit card payments, savings, pensions or retirement accounts, legal fees, behavioral health care, emergencies or traumas or gifts. The resulting budgets were "bare bones."

Child care subsidies are available for New Mexico families with annual incomes of less than 150% of the federal poverty income threshold. Full-time child care averages almost \$500 per month for an infant.<sup>9</sup> In 2003, a family of four earning twice the federal poverty level – which is still considered low-income – had an income of \$37,620 annually before taxes. Many families are paying as much as \$6,000 for child care and as much as \$12,900 (one-third of the family income) for housing. If all taxes accounted for only 10% of the family income, or \$3,700, the family would have only \$1,260 per month to pay for everything else, including healthcare, food, gasoline and utilities.

Not surprisingly, healthcare remains out of reach for many low-wage families. A recent report from Families USA, a Washington D.C. nonprofit organization, found that the average cost of health insurance for families in New Mexico in 2005 was \$10,524.<sup>10</sup> Most small businesses here do not offer health insurance and low-income workers in bigger companies often cannot afford the employer-provided coverage. The bottom line is that a majority of low-income working families – about 52% - have at least one parent without health insurance. This can be a major problem for these families. Without health insurance, even a basic health problem can push low-income working families into debt or perhaps, deeper poverty. And families without health insurance tend to go without basic health treatment, allowing small problems to become serious.

Given this grim financial situation, adults in many low-income working families are unable to seek the education and skills training that would allow them to move into higher-paying jobs. The cost of education in New Mexico is relatively inexpensive compared to other states. But, for the 20% of earners in New Mexico considered low-income, the cost of a full-time community college education would eat up 16% of their income, or \$5,700,

even after they receive financial aid. For a four-year university, tuition and other costs would reach \$7,172, or 20% of a low-income working family's income.<sup>11</sup> Education and with it, the chance for advancement, is simply unaffordable.

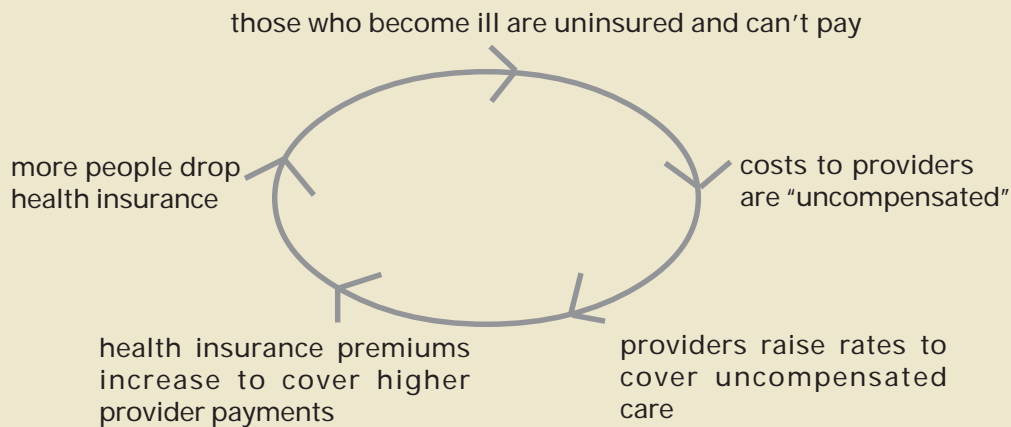
To summarize, low-income and poor working families in New Mexico are hobbled by a combination of low wages, low educational attainment, and high costs for housing, healthcare and other necessities, making self-sufficiency an often unattainable dream. They are, in large measure, being left behind financially and the gap between the lowest-earning fifth of families and the highest-earning fifth has become a gulf. The most affluent families make, on average, 8.7 times the amount earned by the least affluent families, the 44<sup>th</sup> worst disparity in the country.<sup>12</sup> Even the middle class seems out of reach, as middle-income families earn 3.1 times the amount earned by the lowest-earning families.<sup>13</sup>

### The High Cost of Being Poor

In 2005, low income families earned \$38,700 or less per year. It's no wonder that self-sufficiency is only a dream:

- ▶ For 37% of low income families housing costs are more than one third of an annual income, or \$12,900 a year.
- ▶ Full time childcare for an infant is \$6,000 or more per year.
- ▶ In 2005, health insurance premiums for a family are \$10,500.
- ▶ Education costs at a community college is \$5,700 a year.
- ▶ Add on even minimal taxes, and the entire annual income is spent without food, utilities or other essentials.

### Healthcare Costs: We're All in It Together



The link between healthcare costs for poor and low-income working families, and insurance premiums for those who have health insurance is direct and transparent. It's a vicious cycle. Estimates are that in five short years, by 2010, individual health insurance premiums will rise by \$1,192 and family premiums by \$3,169 because of increased uncompensated care.<sup>11</sup> Healthcare costs are only one example demonstrating that the future is a shared one: policy solutions that help poor and low-income working families help everyone.

Many in New Mexico might like to pretend that the problems confronting low-income and poor families here don't matter. But they do. If the gap between those who do very well and those who are not doing well at all continues to widen, the divide will compromise New Mexico's ability to achieve a high road economy. If the state comes together to make sure that all of workers can achieve the basic American dream of fair wages for hard work, the intense economic stress on low-income and poor working families can be relieved. It's a win-win scenario: low income families and children do better, and the state has a workforce prepared for the future.

New Mexico can take several steps to re-craft policies aimed at bolstering the chances that poor and low-income families will accomplish their goals. Child care subsidies, training programs and post-secondary financial aid often fail to efficiently help significant numbers of families with pressing needs. It is past time to carefully scrutinize these programs and establish accountability mechanisms that insure a good return on the state's investments. In one of the poorest states in the country, these inadequate policies squander precious human and fiscal resources.

### **Recommendations:**

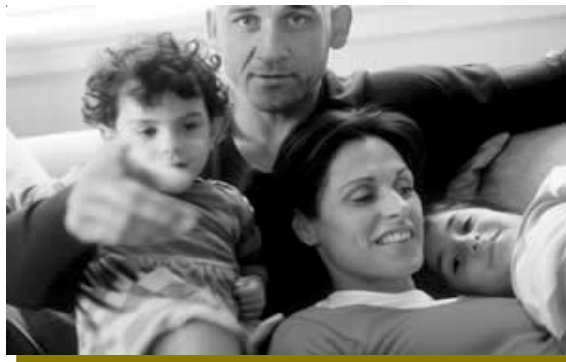
New Mexico should develop an accurate cost of living standard that reflects the real costs that the state's working families face for healthcare, housing, child care, food and education.

State policies should base eligibility for program assistance on this more realistic measure, which would lead to more low-income working families receiving crucial support.

Currently, families earning more than 150 percent of the federal poverty threshold can not receive child care subsidies. Lifting the cap to 200% of the threshold will help some struggling families make ends meet.

Similarly, making state-funded healthcare for low-income adults available and affordable will mean that lower wages stretch further.

Easing the financial stress on low-income families will allow more of them to seek the education and skills training they will need in a high-wage economy.





## Chapter 2:

# Developing, Repairing and Overseeing the Education and Training Systems

*Education and training are the fundamental building blocks of a growing and competitive high road economy. The ability to fill jobs that demand more education and pay higher wages is an immediate and critical need, not only for low-income working families, but for the state's economy. Building a skilled, better educated workforce is a long-term process that must start with the current pool of working-age adults. To be ready for an economy that will increasingly require more skilled labor and trained professionals, New Mexico must make greater and wiser investments in its education and training programs. The return on the investment will be skilled workers, economically successful families and more productive businesses.*

Sandia and Los Alamos National Laboratories make it possible for the state to become a national leader in the development of affordable solar and wind energy. This could be a major growth area as the demand for alternative energy sources grows. Increasing the level of educational attainment means that New Mexico workers could fill technology jobs fueled by these and other emerging industries.

To improve higher educational attainment, this reports looks at the outcomes and policies of three critical areas: adult basic education (ABE) and literacy programs; post-secondary education, including career and vocational education; and training supported through the Workforce Investment Act (WIA) and Temporary Aid for Needy Families, or TANF.

Creating the opportunity for low-income workers to move into jobs that pay family-sustaining wages hinges on education and training programs. The prerequisite for any good job starts with a high school education, but a significant portion of New Mexico's population can't meet that basic requirement. According to Census data, about 17% of adults between the ages of 25 and 54 lack a high school education or GED.<sup>14</sup>

Increasingly, the jobs of the future will require some post-secondary education. Between 1960 and 2003, the proportion of the workforce in managerial, professional and technical jobs rose from 22 to 35 percent. At the same time, jobs that require little education but pay enough to sustain a family, declined.<sup>15</sup>

Natural resources in New Mexico and the availability of new technology developed at

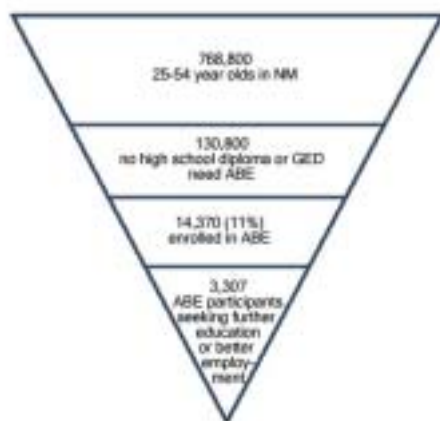
### Adult Basic Education

It's a sobering fact that beyond the significant number of adults without a high school diploma or GED, nearly half of New Mexico's residents over the age of 16 lack the literacy skills to function adequately in the working world.<sup>16</sup> These adults have little chance of being able to move into family-sustaining jobs. For them, adult literacy and basic education courses in reading, math and writing are a crucial first step. ABE courses alone can be a stepping stone to a better paying job, but they can also open the door to a GED or post-secondary education and training.

There are 29 ABE providers throughout the state. These include 18 community colleges, three tribal colleges, the public school in Socorro, Western New Mexico University in Silver City and six community-based

organizations. All 29 providers receive federal support, but the community-based organizations are not eligible for state aid.

Although there are a significant number of ABE providers, the Public Education Department has determined that 35 communities do not have adequate ABE offerings.<sup>17</sup> The result is that only 11% of the people who need adult basic skills courses are enrolled in ABE courses.<sup>18</sup> Of this small number of adults taking advantage of ABE courses, only a small percentage, 22.6%, are doing so to obtain a GED or get a better job.<sup>19</sup> The problem with ABE in New Mexico can be depicted as an inverted pyramid, where the top level represents all of the adults who need ABE, while the base is the very small number who actually receive it:



Projections show that in just a few years, more jobs will require some post-secondary education, meaning New Mexico must address this significant problem. In short, the state must create additional opportunities and incentives for people with low educational attainment to seek a GED, and the post-secondary education and skills training. Ideally, if the state acts to revise current policies, fewer people will need ABE, and a much larger percentage of those will get training and receive a GED, and pursue post secondary education.

## Solving the ABE Problem

There are three problems New Mexico must address to improve the educational attainment of working-age adults:

- ▶ Only a small percentage of adults who need ABE are enrolled in courses.
- ▶ Of the pool of ABE students, only a very small percentage obtain a GED.
- ▶ Those obtaining a GED are generally not continuing on to obtain certificates or degrees that would qualify them for higher-paying jobs.

If the state can confront and solve these problems, it could dramatically improve the face of New Mexico's workforce, and change the lives of thousands of working poor and low-income families in New Mexico.

## Increasing the number of people who seek Adult Basic Education

For breadwinners in many working families, obtaining a GED is a worthwhile goal, but a lack of money and time are daunting barriers. While ABE is free at community colleges, students must pay for books, transportation and child care. For low-income families, these costs can be prohibitive. Pell grants, federally funded higher education assistance for low-income students, are not available for ABE courses.

The state should step in to help students meet those costs. Providing financial aid to pay for books, transportation and child care for ABE students would likely encourage many low-wage workers to enroll. ABE providers should also aggressively advertise

### **Increase the Investment in Adult Education and Literacy**

Nationally, states spend on average about \$59 a year on adult education and literacy resources for each adult over 18 without a high school degree or GED. New Mexico allocates \$21.20, less than half of the national average.<sup>20</sup> Increasing the state's investment to pay for books, transportation and child care would allow many more low-income working adults to seek additional education.

the financial aid that is available, and should highlight the economic gains to be reaped from a GED and post-secondary education. The aim should be twofold: to significantly increase the percentage of eligible adults taking ABE courses and to improve the outcomes of those who do take ABE courses, as measured by higher literacy rates and more adults seeking and receiving a GED and additional post-secondary instruction.

As the state encourages greater participation in ABE courses, it must also provide the additional funding. ABE providers will need to meet the increased demand. The New Mexico Association of Community Colleges' annual report notes that the state has not fully funded the ABE formula.<sup>21</sup> The total ABE investment in New Mexico is about \$9 million - \$3.5 million in federal funds, and about \$5.5 million in state aid. The community college association estimates that it would cost an additional \$500,000 per year to fund ABE to adequately serve those currently enrolled. However, even such an increase in state funding would not allow the community colleges to offer courses to the thousands of adults who need, but do not now take, ABE courses. In order to serve this population, funding for community college ABE instruction must be increased even above the current funding formula.

### ***Increasing the number of ABE students who complete a GED***

Of 22,800 adults in the community college ABE and English as a Second Language programs in the 2002–2003 academic year, only 2,832, or about 10%, obtained a GED.<sup>22</sup> With additional funding, the state should expect that the outcomes for ABE students would improve. More would obtain GEDs and more of those obtaining a GED would then seek additional certificates or coursework.

### ***Increase the percentage of GED students who continue their education and obtain higher-wage jobs***

Our educational investments should lead to more families being employed in higher-wage jobs. To accomplish that, the state must find ways to award more post-secondary degrees and certificates. While only 10% of students enrolled in ABE classes completed a GED, 85% of those who did continue on and enrolled in a post-secondary academic or vocational program.<sup>23</sup> The state should encourage community colleges to provide career-track counseling to students, focusing on the education needed for certain jobs, the availability of those jobs, and the wages paid. Students who are well informed about marketplace realities will likely be more motivated to complete a GED, at the very least.

### ***Expect better outcomes and measure progress continuously***

Additional investments must lead to better outcomes. The state should set goals or standards for the percentage of served students expected to achieve a GED and for the percentage of students that transition to the post-secondary system and succeed in gaining a certificate or degree. Progress toward achieving these standards should be measured regularly (at least annually) and the data should be available to the public. Like all state systems, the adult education system must be accountable for the job it does producing better educated and trained students.



## Post-Secondary Education

According to a 2002 national survey, half of the students seeking post-secondary education at community colleges in New Mexico need remedial courses in reading, math and/or writing to prepare them to take college-level work.<sup>24</sup> A more recent study by the New Mexico Association of Community Colleges puts the percentage even higher, finding that 68% of all students who have a high school diploma need remedial courses when they enroll in a community college.<sup>25</sup> And, nearly one-third of freshmen entering the University of New Mexico need at least one remedial class.<sup>26</sup>

There are literally thousands of students in New Mexico who have a high school diploma but are not prepared for post-secondary education. For too many of them, the start of a college career requires them to spend time on the basics of reading, writing and arithmetic. An inadequate high school education is likely contributing to a low college enrollment rate among working-age adults. Only 8.8% of adults aged 25 to 54 in New Mexico are seeking post-secondary education, even though it's the surest path to higher-wage jobs.<sup>27</sup>

We know that a significant number of community college students who complete remedial classes in English or math go on to complete college-level courses, too.<sup>28</sup> Even so, an important question remains:

***How many of the students who pass remedial courses stay enrolled and go on to complete a degree or get significant skills training?***

Currently, we don't know, but the state should begin to collect these data, which could be illuminating.

Looking beyond the population of students who need remedial education, we must look at another key question:

***How many students who enter the community college system go on to graduate, get a certificate or transfer to a four-year university?***

The available data are disappointing. According to the New Mexico Association of Community Colleges, only 15% of full-time community college students complete a certificate or associate's degree program within three years of enrollment.<sup>29</sup> Since community colleges are designed for two-year programs, three years should be an adequate time to obtain a degree or certificate. The low completion rate after three years likely means that many students will never complete their education. The community college association notes that a significant percentage of students, despite not completing a certificate program or transferring to a four-year university, are "transfer-ready" (i.e., a student has completed enough courses to transfer but lacks a certificate) or "still enrolled."

Students identify three primary reasons why they don't continue their education and receive a degree: financial burden, lack of academic preparedness prior to college and not having a goal, according to the New Mexico Community College Survey of Student Engagement.

For low-income students, the financial burden of college can be overwhelming. Low-income working adults typically must continue to work while attending school part-time. In fact, 50% of community college students in New Mexico work 20 hours or more per week. Increasing the financial aid available to this population could decrease the amount of time it takes to complete an education. Such a targeted educational investment would likely help families move into higher-paying jobs and closer to self-sufficiency.

A third key question about the higher education system is this:

***Are enough students getting the skills needed to participate in a high road economy?***

For those 15% of students who do complete a program, three out of four are earning associate's degrees rather than career certificates.<sup>30</sup> While gaining an associate's degree is an important achievement, a greater emphasis on professional certificates could be warranted. These are often more attainable and offer more immediate employment opportunities at higher wages. For many students who have low educational attainment entering college, career certificates that make them eligible for high-wage jobs may be more attractive.

Most of the community colleges in New Mexico receive federal funds through the Perkins program to assist with the delivery of career-based programs and services. Of the students concentrating on vocational training, only 33.6% obtained a degree or credential within three years. More importantly, only one-third of these students obtained a degree or certificate in a field known to pay higher wages.<sup>31</sup> Clearly, New Mexico must increase the number of students completing vocational training courses within three years. But just as importantly, the certificates and degrees must be tied to the skills needed in higher-wage jobs.

### **Demand Better Remedial Education Outcomes from Community Colleges, And Pay For It**

Until the state repairs its primary and secondary education systems, remedial education at the post-secondary level will be sorely needed. Remedial education is such a critical step toward college success that improving these programs should be a state priority. To do that, New Mexico should begin rewarding community colleges for improving their remedial success rates, as five states currently do – Florida, Illinois, Massachusetts, North Carolina and Texas.<sup>32</sup>

### ***Helping post-secondary students succeed by providing more financial aid***

The average age of community college students is 31.<sup>33</sup> Many of these students have families and must juggle the demands of an education with the demands of supporting their families. While New Mexico had a "B" in affordability in 2000 from the National Report Card on Higher Education, in 2004 it had an "F" in affordability from the same group. Net college costs accounted for 51 percent of the income earned by the lowest-earning 20% of students. Given that, it's no surprise that a 2003 report by New Mexico's community colleges cited a lack of finances as the greatest barrier to college persistence.<sup>34</sup>

Despite the obvious financial need, New Mexico invests very little in need-based aid. The federal government is the primary source of such aid through the Pell grant program. Most states add their own resources to complement the federal investment, although the state contributions vary considerably.

New Mexico trails more than half the states in spending on need-based aid, investing only 20 cents for every dollar of Pell aid received here.<sup>35</sup> That is inadequate given the state's high poverty rate. New Mexico must do more to make higher education affordable and prepare citizens for a higher-wage economy.

Workers enrolled in post-secondary programs may not qualify for need-based aid because they are going to school part-time or taking non-credit courses. These are short-sighted restrictions. Students who are taking non-credit courses to advance their careers should receive financial aid, too. For example, gaining additional computer skills may mean the difference between a worker qualifying for an office manager's job instead of an entry-level secretarial position. Indeed, moving up the career ladder is often the fastest way to earn a family-sustaining wage.<sup>36</sup> Five states provide student financial aid for this type of non-credit coursework, and New Mexico should as well.

## **The College Affordability Act**

The Association of Community Colleges has proposed that the state fund the College Affordability Act during the 2006 legislative session. The College Affordability Act, passed but not funded in 2005, is intended to provide need-based aid to students seeking a post secondary education. \$1,000 would be available for up to 8 consecutive semesters for students who continue to meet eligibility requirements including a 2.0 grade-point average. The money would be placed in an account at the post secondary institution to pay for all eligible education expenses.

Quoting from a National Report Card on Higher Education, the Association of Community Colleges noted that New Mexico received an A on student participation in post secondary education, an F in student preparation, an F in affordability and a D in completion. The Association concluded:

- ▶ New Mexico students are interested in participating in post secondary education programs.
- ▶ Poor preparation and financial need have effected completion rates.
- ▶ Affordability is the most crucial issue facing NM students – 46% reported on a survey that finances were the biggest barrier to persistence.
- ▶ Financial aid would encourage students to attend and complete post secondary education and training.

Clearly, making post secondary education more affordable in New Mexico is part of the solution to increase the educational attainment of our workforce. Coupled with efforts to improve secondary schools as well, this aid could have a significant impact on the numbers of educated workers ready for a high road economy.

The New Mexico Association of Community Colleges and the state's Department of Higher Education presented a "College Affordability Act" to legislators during the 2004 legislative session that would have provided need-based assistance to low-income students.<sup>37</sup> While the Act passed, it was unfunded. Adequately funding the Act would provide financial aid for the neediest students, while moving the state toward the overall goal of a high-wage economy.

### ***Supporting the community colleges to provide non-career classes***

The state should consider a policy adopted by roughly 20 other states that allows for better funding to community colleges offering non-career classes.<sup>38</sup> Under these policies, the state uses a funding formula based on the number of full-time equivalent students. The state now funds for-credit classes here using such a formula. Allowing the community colleges to use a full-time enrollment formula for non-career courses would more accurately reflect the work being done in New Mexico's community colleges and allow them to better tailor their curriculum to the needs of the community. Often, non-career training can be a stepping stone to a promotion and higher earnings.

## **Accountability**

It's clear that New Mexico must increase and reshape its investment in education, but this increased investment must come with more accountability. There are a number of indicators that would show whether investments in the state's community colleges are meeting the goal of moving low-wage workers into economic prosperity. But the state is not currently able to collect such data. Such measures are critical.

### **Invest in a Better Data System to Track the Return on Education Dollars**

Some accountability measures that would improve the post-secondary education system are included in Appendix A. At present, the state's Public Education and Higher Education Departments do not have the technology to capture many of these data elements. New Mexico should invest in the development of a system to track students from primary through post-secondary education and into the workforce. Florida is one state with a data system that could be a model for New Mexico.

### **The Workforce Investment Act**

*Less than 1% of the adults in New Mexico without a high school diploma or GED are currently receiving services through the federal Workforce Investment Act. That is, only about 1,700 adults receive services while there are about 131,000 adults without a high school diploma or GED who need additional training in order to get higher paying jobs.*

Along with education, workforce training is a critical element to the future of New Mexico's economy. Congress passed the Workforce Investment Act (WIA) in 1998 to consolidate the delivery of workforce training programs. WIA funds are available to pay for training for low-income or dislocated workers. In New Mexico, the Workforce Development Act of 1999 set up an administrative structure to oversee WIA-funded training programs. That structure

was problematic, and in 2005, the legislature established the Governor's Office of Workforce Training and Development (GOWTD) to coordinate training efforts.

The 2005 legislative actions formalized the GOWTD's role in planning for the entire state workforce training system but did not give the office oversight of key research and planning activities, which remained housed within the state's Department of Labor (NMDOL).

New Mexico receives only about \$18 million through WIA, which is inadequate to meet the need for training of workers seeking to move into higher-wage jobs. The GOWTD has responsibility for the WIA training funds, and for the first time in several years, the state is expected to spend all of its federal funds. Additional federal training funds, including \$14 million for the re-employment of unemployed workers through the Wagner-Peyser program, remain at NMDOL.

Because the critical components of an effective training system (i.e., the responsibility for planning the training program, the research capacity to evaluate the state's training needs, and the money for training) have been divided between two state agencies, inter-agency cooperation is essential. This division complicates the WIA program in New Mexico and may be too unwieldy to be successful.

On a programmatic level, the state could make policy changes that would improve WIA training programs. Low-income workers and those living in poverty should be prioritized for training. WIA allows states to use an alternative funding formula to allocate 30% of the WIA funds to areas with excess poverty. Although five states now do this, New Mexico does not.<sup>39</sup>

The recent approval by the state's Workforce Development Board of a New Mexico Career Readiness Certificate is a step toward linking WIA-trained workers to potential employers. This certificate informs employers that a worker has the basic skills necessary for employment. The Career Readiness

Certificate and basic-skills training associated with it are useful tools for workers and employers. But this basic skills training effort will help only a small proportion of the adults who need training.

### **Use the Interest from the Unemployment Trust Fund to Fund Training**

According to a report by the Government Accountability Office, in 2002 almost half of the states funded employment placement and training through employer-paid taxes.<sup>40</sup> Of the 23 states using employer taxes, 14 have a primary emphasis on worker training.<sup>41</sup> A list of the 23 states is included at Appendix B.

Given the extensive need for a better trained workforce, New Mexico should consider expanding its training program by following the lead of 23 states that fund employment placement and training through employer taxes (Appendix B). It would be logical to dedicate at least some of these earnings to provide education and skills training for low-income incumbent workers at companies that are paying premiums into the fund. At least five states use the interest on the P & I fund in this way.

The increased training opportunities could markedly improve the quality of New Mexico's workforce. However, such an initiative should include strict accountability standards so that the public can track the number of jobs (and wages) being supported through these increased training efforts.

Chapter 3 includes a discussion of tax incentives that could provide a mechanism to target workers in low-income jobs who could benefit from workplace literacy, GED and post-secondary education. The UI trust fund interest could be used to pay for this tax incentive.

## **Temporary Aid for Needy Families (TANF)**

TANF is the program that replaced Aid for Families with Dependent Children (AFDC), which was the country's basic welfare program. The idea of TANF is to help recipients move from public assistance to the world of work and presumably economic self-sufficiency.

The transition from poverty to work is rarely easy. Many TANF recipients have very low educational attainment, low skills and low self-esteem. While many of these recipients desperately need education, training and skills instruction, the guiding principle of TANF is "work first." That means that TANF clients are typically placed directly into jobs – but jobs that are rarely close to family-sustaining. Often this condemns many of our most needy families to continued poverty as they move away from TANF support and through one poverty-wage job after another. For many TANF recipients, low-wage jobs are not a stepping stone out of poverty, but become the norm for what amounts to a working career lived in poverty.

One key way to help prepare TANF participants to succeed in work is to help them gain the education and skills required for better paying jobs and career advancement. Currently, about 8% of TANF recipients in New Mexico are placed in education and training programs. Although slightly higher than the national average of 6%<sup>42</sup>, the number is still far too low for a state with one of the least educated workforces in the country. TANF offers an opportunity for New Mexico to use federal funds to provide education and training to some of the state's poorest and least prepared citizens, helping them move toward economic self-sufficiency.

New Mexico, along with other states, does have some policies in place that allow TANF recipients to participate in education and training. New Mexico has a state-funded program, Education Works, that allows TANF-eligible adults to receive post-secondary



### **Taking Care of TANF Clients**

Although having all workforce training programs under the GOWTD makes good sense, there are some practical concerns for TANF clients. Many TANF clients have special needs and require intensive case management and supports. The Workforce Development Boards may need special training to respond effectively to TANF client case management needs and insure that this population can get and retain, employment that pays a self-sufficient wage. Clearly the Workforce Development Boards must undertake this responsibility with great commitment to helping insure the success of these participants.

training, through the governor's workforce office. These funds should be used to increase the number of TANF recipients getting education and training.

Ultimately, the goal of the New Mexico's TANF program should be to help all recipients move to economic self-sufficiency. To this end, the state needs to establish specific goals for success and implement systems to measure progress toward achieving these goals. In particular, the state should make it a goal to have a certain number or percentage of clients who leave TANF achieving earnings that are at least twice the poverty level within one year of completing the program. The state should regularly measure its effort and report the results to the public.

education and training for more than 12 months while remaining eligible for cash assistance. New Mexico also "stops the clock" on the 60-month maximum TANF eligibility period while TANF clients pursue education and training. This flexibility is critical for TANF families, for whom education is a slow, sometimes painful process that often begins with basic skills training.

New Mexico needs to take advantage of the policies and specifically seek to increase the percentage of TANF recipients in education and training. A recent policy shift toward "one stop shops" that consolidate all of the workforce development programs has resulted in moving some of New Mexico Works TANF education and training funds to two of the four WIA Workforce Development Boards in the state. There are plans to move all of the New Mexico Works funds to the remaining two workforce development boards soon. The state is proposing to spend \$11.7 million in fiscal year 2007 for TANF

### **Conclusion: More Education, More Skills Are Essential**

A significant percentage of New Mexico's working families earn insufficient income and need additional education and skills to move into high-wage jobs. But, the adult education systems need major changes to reach more of this population. Of those that do participate in education and training, too few make the kind of significant progress needed to take on jobs with family-sustaining wages and benefits. The state must do a far better job of improving the skills of its workforce – or risk falling even farther behind other states economically.

## Recommendations Overall

New Mexico must improve education and training outcomes, particularly among the state's poor and low-income working families, if it is to strengthen its economy. To accomplish this goal, the state needs to set higher standards for success and be able to measure progress toward those goals. Holding the entire education system, from pre-K through the post secondary level accountable, **the state needs a strong data tracking system** similar to the one used in Florida. **This should be a spending priority during the 2006 legislative session.**

Another wise investment would be **funding the College Affordability Act** to increase need-based aid. The Act should include financial aid for adult ABE students, part-time students, and those wanting non-credit career classes that would enhance advancement opportunities.

Finally, the capacity of all of the state's education and training programs must be expanded to meet the education and training needs of the thousands of low-wage and poor working families in New Mexico. To accomplish that, the state should **use some of the interest generated by the penalties and interest fund of the UI trust fund**, although there must be strict standards regarding pay and benefits for jobs created through these expanded programs.

Other specific suggestions include:

Provide the Funding to Make Adult Basic Education and Post-Secondary Education Work:

Fully fund the ABE Higher Education Budget, with an increase in state spending of \$500,000.

Reward community colleges for improving the performance and completion rates of students in remedial programs, and require the colleges to counsel students to consider certificate programs that are connected to higher-wage industries.

Change the funding formula to provide the same level of funding to non-credit community college courses as goes to for-credit classes.

Make WIA Work:Workforce Investment Act

Insure that there is a strong inter-agency relationship between the Governor's Office of Workforce Training and Development and the state Department of Labor. To develop an effective training plan, the state must do a better job coordinating training, funding and research among the various providers.

Mandate that WIA allocate 30% of WIA funds to areas with excess poverty.

Achieving Self-Sufficiency for TANF Clients:TANF

Set goals or standards for the percentage of TANF participants that engage in education and training as well as goals for the percentage of TANF completers that achieve earnings at 200% FPL. Progress in achieving these goals should be measured and reported regularly.

## Chapter 3: Economic Development Incentives that Lead to a High Road Economy

*New Mexico can craft economic development policies that increase the pool of skilled workers and help business become more competitive. In addition, the state must also design its economic development investments to create not just more, but better jobs. These investments must lead to new employment opportunities for New Mexico's workers, particularly low-income workers who work hard but have fewer chances for economic advancement.*

A defining characteristic of the current economy in New Mexico is the high percentage of low-wage jobs. Such jobs require only low-skill workers. If only low-wage jobs are available, workers have little incentive to gain the education and skills training they would need to move into higher-paying jobs. Changing incentives at the individual level, as was suggested in Chapter 2, will have the effect of encouraging more people to gain higher levels of education and skills, but only if there are available jobs at the end of the training. State economic development efforts, then, become a key part of the solution to New Mexico's workforce problems.

Before discussing policy recommendations, it's important to review workforce and job conditions in the state. The labor force participation rate in New Mexico is close to the rate for the country as a whole: 64% for New Mexico compared to 66% nationally. There are slight variations for participation rates for women and men, but a significant difference in labor force participation rates for the non-white population. While 65% of non-whites in the country participate in the labor force, only 57% of non-whites in New Mexico do.<sup>43</sup> These data likely reflect the low

participation rates in rural areas, particularly among Native Americans and Hispanics.

New Mexico also parallels the nation in the percentage of workers aged 18 to 64 who are not fully employed. This category includes those who are unemployed, marginally attached to the labor market or employed part-time for economic reasons. Nationally, the percentage is 9.9%, while in New Mexico, 9.2% of workers are not fully employed.<sup>44</sup>

These data demonstrate that New Mexicans, as a group, are willing to work. The problem is that the percentage of workers employed in low-wage jobs is much higher in New Mexico than in the country as a whole. Succinctly put, hard work in New Mexico does not always pay. In 2003, a low-wage job was one that paid less than \$18,979 per year for a family of four (an hourly wage of \$9.12 per hour). In New Mexico, 34% of the population worked in such jobs, compared to 21% of the U.S. population. Only Hawaii had a higher percentage.<sup>45</sup>

### **Economic Development Incentives that Encourage Higher-Wage Jobs**

New Mexico cannot afford to commit economic development funds unless they are serving a significant percentage of our low-wage population, helping to create family-sustaining wages, and strengthening the state's economy. At present, the Welfare-to-Work Tax Credit is the only economic development incentive in New Mexico aimed at low-wage workers. The state tax credit rewards job creation and piggybacks on the federal credit. The state program provides employers with a state tax credit of as much as \$1,750 for the first year of employment and \$2,500 for the second year<sup>46</sup> for employees hired who are TANF recipients.



But, there are a number of other economic development incentives that the state offers, which could be amended to include incumbent and low wage workers. Doing so would encourage business to invest in helping workers get more education and skills training.

*Re-tooling current economic development incentives to reward business for promoting incumbent workers who get additional education or skills training makes good sense for New Mexico.*

The High-Wage Job Tax Credit, which was created in 2004, allows an eligible employer to receive a credit equal to 10% of the wages and benefits for each new job that pays more than \$28,000 in smaller communities or \$40,000 in larger ones. The credit program, while worthy, applies only to new jobs. New Mexico could expand the credit to make it available, for example, to employers who allow incumbent workers with low educational attainment to get skills and/or education that will qualify them for a better paying job, even if the employer does not promote them to a higher wage position. The qualification for the credit would be employees without high school diploma or GED, or employees in need of training to get a certificate.

The state could make similar amendments to the Rural Job Tax Credit to encourage employers to fill higher-wage jobs – new or existing – with incumbent low-wage workers who have been given an opportunity to gain more education and skills training.<sup>47</sup>

Both of these tax credits make more sense if they are aimed at New Mexico's current work force, and are available to New Mexico small businesses. Focusing on incumbent workers who need more education and skills helps small business, low-income families, and develops a stronger, more productive workforce.

### **The Workers of Tomorrow are the Workers of Today**

It is a little appreciated fact that New Mexico, like other states, will not see an influx of population that will drastically change the skills level of its workforce. Quite literally, the workers of today, who are entering the workforce at 25, will be the workers of tomorrow 30 years from now when they are 55. That's why education and skills training are so critical to New Mexico. Without improving the skills of current workers, who will remain as the available workers for the next decades, New Mexico cannot have a workforce ready for higher skilled jobs. Making sure that current workers have GEDs, vocational training or post secondary education is more important than investing dollars in tax credits that may only result in more low wage jobs.

### **Industry-Specific Economic Development Incentives That Deliver High-Wage Jobs**

Like most states, New Mexico hopes to attract and retain industries that provide jobs by offering industry-specific economic development incentives. Currently, the state has incentives for aerospace, agribusiness, distilling and brewing, manufacturing, renewable energy, the film industry and technology.<sup>48</sup> But none of the industry-specific incentives include mandates about minimum salaries that subsidized jobs must pay, nor do these programs establish targets for assisting entry-level and low-income workers advance.

Rather than creating more low wage jobs, economic development incentives should

ensure that the state is increasing the number of higher-wage opportunities. Not only will this demand for higher skilled workers help stimulate workers to get the education and training to fill the gaps, but it also makes sense that state tax subsidies should build the state's infrastructure. Low wage jobs cannot fill that need.

There is no way to assure that companies will create a permanent base of higher wage jobs unless economic development incentives are linked to measurable job creation goals with high-wage standards and targets for serving entry-level and low-wage workers. Absent strict accountability measures for tax incentives, the state would do better to use scarce state funds to create tax credits that are tied to improving the ABE and post-secondary education and skills of the current (and future) workforce. Increasing the education level of the workforce is a sure way to increase worker productivity, and attract businesses to the state. Tax incentives that provide no accountability, and that do not help the state create a better educated workforce, are a poor investment that New Mexico can ill afford.

### **Using Economic Development Incentives to Build a Stronger Workforce**

Projections show that the nation will face a severe shortage of skilled workers in the next two decades. *A recent Bureau of Labor Statistics report estimated that there will be more than five million too few skilled workers in the manufacturing industry by 2010.*<sup>49</sup> Given such projections, New Mexico should respond now by devoting economic development funds to improving the skills of the state's workforce. Over the long term, even if a company that received a state incentive leaves the state, it leaves behind a better-educated work force able to fill the next high-wage job. New Mexico gets something more substantial than a single, business-specific job. Instead, it gets a

### **The 2005 Skills Gap Report**

The National Association of Manufacturers recently released a report stressing the need for a more educated workforce, and to develop "human capital" as a priority. Released in November, the *2005 Skills Gap Report – A Survey of the American Manufacturing Workforce* notes that the current lack of education and skills is not only a major concern of the manufacturing industry for future jobs, but is harming productivity today. Key findings include:

- ▲ There is a widening gap between the supply of skilled workers in America and the growing technical demands of the modern manufacturing workplace.
- ▲ 80% of manufacturers surveyed are experiencing an overall shortage of qualified workers.
- ▲ 46% of those surveyed reported poor skill levels among *current* employees, including inadequate problem solving skills, and insufficient reading, writing and communications skills.
- ▲ The talent shortage effects current business operations:
  - 83% of respondents indicated lack of adequately trained employees are currently affecting their ability to meet customer demand.
  - More than half reported difficulty achieving production levels.
  - 43% reported difficulties increasing productivity.<sup>50</sup>

stronger, more competitive workforce that can fill the jobs required by a high road economy.

Policy shifts that provide economic development support to New Mexico's small businesses make particularly good sense. These are businesses that will stay in the state and have an investment in the state's future. Subsidizing education and skills training for their employees represents a permanent investment in the social infrastructure. It's good for business and it's good for New Mexico.

Author Greg LeRoy makes a compelling argument in his new book, *The Great American Jobs Scam*, which examines tax incentives given to business to locate, or stay put, various states. He documents several instances in which employers received substantial tax breaks but downsized their workforces, anyway. States, he argues persuasively, must provide incentives only to those employers who will use them to invest in new skills development.

### **Rewarding Employers for Workplace Literacy Programs**

One key area in which the state should focus such investments is literacy instruction. As discussed previously, community colleges provide the bulk of these classes and will continue to do so. But the state should encourage employers to provide such instruction in the workplace, where it would be convenient for workers and would ease their costs for classes, child care and transportation. Providing literacy training in the workplace would help a key segment of the workforce, while also benefiting employers.

New Mexico's Job Training Incentive Program (JTIP) is considered one of the most aggressive training initiatives in the country. While JTIP funds classroom and on-the-job-training, it is restricted to newly created jobs in expanding or relocating businesses. The

program reimburses 50 to 70 percent of employee wages and may include custom classroom training at a public educational institution. Trainees must be guaranteed full-time employment upon successful completion of the training program. Since its inception in 1972, more than 35,000 workers in more than 600 companies have been funded for training.<sup>51</sup> During the 2004 legislative session, \$1million was set aside in the JTIP program for training incumbent workers, but it is not clear that this money could be used for workplace adult basic education courses. In all, the state spent \$11 million on JTIP in 2004.

Expanding JTIP to explicitly pay for workplace literacy instruction for new *and* incumbent workers makes good sense. This would remove many barriers preventing workers from getting literacy training or perhaps a GED. For employers, a state subsidy covering all or part of the training cost encourages them to provide workplace literacy instruction, which should, in turn, lead to increased productivity. The state should consider creating an added incentive for employers so that workers who complete literacy courses and obtain a GED are guaranteed higher wages, subsidized initially by state funds.

Increasing the amount of training funds that can be used for post-secondary education and skills training for incumbent workers at the work place, or that compensate a business for employees attending post-secondary classes at an off-site campus during work hours, also makes good sense. Again, for many workers, workplace-based classes are the most convenient, particularly classes during work hours. For employers, offering incentives to motivated employees is a benefit that could help recruiting and retention.

Revising and expanding JTIP as suggested above would not only meet the state's critical need for a better-trained workforce, but it would allow New Mexico's small businesses to participate in the program. Many small businesses in the state are now unable to take advantage of JTIP because they are not

creating new jobs. However, if the state could subsidize small businesses to help them provide job-related ABE, as well as post-secondary education and training, many would likely be able to allow employees time off for education. This benefit would make small businesses more attractive to prospective employees. The increased skill level of employees would boost the small businesses and would be good for New Mexico's economic future.

Again, though, the state must insure that its investments yield the highest returns by setting accountability standards. And, as stated in Chapter 2, some of the funds to finance a JTIP expansion for incumbent workers can come from employer taxes paid into the the UI trust fund. Both large and small businesses contribute to the fund. But, many of the state's economic development tax incentives are aimed at larger businesses. Offering incumbent training, and using employer taxes from the UI trust fund would help small businesses, too.

## **Recommendations**

Change the state's economic development strategy to one that rewards business for improving workers' education and skills.

Re-tool economic development incentives to focus on improving workers' skills and education.

Make economic development incentives available to small businesses.

Specific recommendations include:

Expand tax credits to explicitly include incumbent workers, which will lead to increased workplace literacy instruction and GED training, and will assist New Mexico's small businesses.

Provide time-limited subsidies to cover increased wages for workers who receive a GED.

Develop a tax incentive for businesses to provide literacy and post-secondary education for incumbent workers, particularly for low-wage workers most in need of upgrading their skills and pay.

Require the state taxation and revenue department to analyze each economic development incentive, showing the amount spent on the incentives, the numbers of jobs created, and the wages paid for those jobs. The state should implement standards to insure that subsidized jobs lift low-wage workers into self-sufficiency.

## Chapter 4: Taking the Leap to Create Opportunity for All

*Building a vibrant economy for the future requires bold action. New Mexico must take decisive steps to make up for years of inattention to the state's social infrastructure. As competition for educated workers intensifies in the next few years, New Mexico will be unable to keep pace with surrounding states unless it does a better job of preparing the current workforce. Before these workers can take advantage of education and training opportunities, the state must ease some of the economic pressures they face.*

Key workplace indicators in New Mexico are dismal, often at the bottom among the states:

- ▶ 32% of New Mexico workers earn low wages, that is, wages below \$9.12 per hour; the national average is 24%. New Mexico ranks 49<sup>th</sup> in the country in this measure.<sup>52</sup>
- ▶ 30% of workers age 18 to 64 do not have health insurance. The rate for the country is 19%.<sup>53</sup>
- ▶ 63% of workers over 18 do not have an employer-provided pension, compared to 57% in the rest of the country.<sup>54</sup>
- ▶ 16% of New Mexico workers are not covered by workers compensation insurance – nearly double the 8.5% rate for the rest of the country.<sup>55</sup>
- ▶ 73% of unemployed workers do not receive unemployment insurance benefits. The comparable national figure is 66%.<sup>56</sup>

There are policy options that could improve some of these conditions of employment. Such changes will certainly help ease the challenges facing low-wage workers and those living in poverty. But these changes will also benefit the state as a whole. By

improving the conditions for those at the bottom of the socio-economic scale, New Mexico can create an environment that is attractive to business and encourages investment. And increased business activity and investment create more prosperity.

### **Increasing the State Minimum Wage: A Step toward Shared Prosperity**

Fifteen states and the District of Columbia have enacted minimum wage laws that exceed the federal requirement.<sup>57</sup> Some municipalities, including Santa Fe, have also enacted minimum wages higher than the federal requirement. A proposal to increase the minimum wage from \$5.15 to \$7.50 per hour in Albuquerque failed by 1,500 votes in October 2005. The narrow defeat led many elected officials, including the mayor of Albuquerque and Governor Bill Richardson, to call for an increase in the state's minimum wage. Legislators in leadership positions have already made their support for an increase clear. The issue will likely come before the legislature in the 2006 session, and a broad coalition of faith, labor and advocacy organizations has come together in support of increasing the wage to \$7.50 an hour.

Among the states, New Mexico has the largest portion of its hourly work force being paid the minimum wage. If the Legislature were to raise the minimum wage to \$7.50 per hour next year, an estimated 123,000 workers, about 16% of the workforce, would directly benefit. The increase would be especially helpful for families, women and minority workers. Most of the workers (82.4%) who would directly benefit from the increased minimum wage are 20 years and older, and almost 60% of those who would be affected work full time (35 or more hours per week).



It is important to point out that increasing the minimum wage to \$7.50 an hour will not lift families out of poverty. In fact, it is not enough to lift even a single person into self-sufficiency. For a single person, that would require double the hourly income at 100% FPL, or \$9.20 per hour. (See chart 1).

**Chart 1 - Federal Poverty Level**

Family Size	Yearly Income	Monthly Income	Hourly Income
1	\$9,570	\$798	\$4.60
2	\$12,830	\$1,069	\$6.17
3	\$16,090	\$1,341	\$7.74
4	\$19,350	\$1,613	\$9.30
5	\$22,610	\$1,884	\$10.87
6	\$25,870	\$2,156	\$12.44
7	\$29,130	\$2,428	\$14.00
8	\$32,390	\$2,699	\$15.57
Over 8 add per child	\$3,260	\$272	\$1.57

But a minimum wage increase to \$7.50 per hour is a step in the right direction. Families under less economic stress have more opportunity to obtain the education or skills training that could qualify them for better paying jobs. And, an increase in wages, instead of hurting employers, will help make New Mexico a more attractive place to do business. As higher-wage businesses come to the state, the tax base increases and more money flows through the economy to those businesses paying higher wages.

### **Healthcare for All: The Great Economic Development Strategy**

Almost 30% of adult workers aged 18 to 64 in New Mexico have no health insurance – the second highest percentage in the country and well above the national average of 19%. No other state is better poised for health care reform. As in other states, New Mexico's poor and near-poor cannot afford health care. When they do reach the point where they

must receive care, they often can not pay the costs. These "uncompensated" costs are then passed on to the private sector in the form of increased health insurance premiums.

New Mexico does not have to wait for the rest of the nation to address the health insurance crisis. We can begin to move toward creating a system that provides affordable health insurance for all residents, one in which premium costs are shared. The payoff would be widespread, but lower-income New Mexicans would perhaps benefit the most. In particular, they would have the opportunity to receive preventive care, reducing their reliance on much more expensive emergency and hospital care.

Resolving the health care crisis would signal as no other reform could that New Mexico is "open for business." Having some type of statewide coverage, large businesses, which generally provide health insurance, would be on the same competitive footing with employers that do not. All businesses would be relieved of the burden of administering health care plans, saving money and time. An added benefit for businesses: employees with health care will miss less work due to illness.

A recent study by the Legislative Council Service of New Mexico confirmed an earlier report by New Mexico Voices for Children that more than 75% of the current health care costs in New Mexico are already borne by the public.<sup>58</sup> New Mexico could be the first state to design and implement a health care system that covers *all* residents, working or not, a system that would allow the state to reasonably predict future costs.

Currently, proponents of healthcare reform want the legislature in 2006 to fund a cost analysis of several models for universal healthcare. This study would provide policymakers and the public with an accurate estimate of the cost of healthcare reform, and set the stage for a major reform effort in 2007.

## **Unemployment Insurance Benefits: A Wasted Opportunity to Shore up New Mexico's Economy**

New Mexico made substantial reforms to its unemployment insurance (UI) laws in 2003. Those changes increased the benefits available to families with children, added an alternative base period to calculate payments, and allowed part-time workers, students and victims of domestic violence to receive unemployment benefits. New Mexico now has one of the best unemployment insurance laws in the country.

In spite of these changes, 73% of unemployed workers in New Mexico do not receive unemployment insurance.<sup>59</sup> Something is not working. The state has the most solvent UI trust fund in the country and a relatively high unemployment rate – 5.3 percent in August 2005, compared to the national rate of 4.9 percent. But the low rate of participation in the UI program means New Mexico is losing an opportunity to put money in the pockets of struggling displaced workers and, eventually, back into the economy. And as discussed in Chapters 2 and 3, New Mexico should fund training by using employer taxes to pay for education and training for low-wage workers so that fewer become unemployed, and those that do transition back to work more quickly.

## **Child Care Subsidies: Supporting Business and Investing in the Future**

Many working parents rely on childcare. Many low-income families, however, cannot afford high-quality child care; some cannot afford child care at all. While the state provides child care subsidies to many families, state policy often tacks on unaffordable costs. One key problem is that the state requires a family of three to make co-payments toward the cost of child care if its earnings exceed the federal poverty income threshold.

For example, a mother of two children who earns a poverty-level wage must pay \$54 per

month for child care assistance. Recall that the federal poverty level for a family of three in 2005 is \$16,090 or \$7.74 per hour. (See Chart 1.) For a family earning such a low wage, a seemingly small monthly co-pay of \$54 a month can lead to desperate choices.

It's important to note that a realistic assessment of the cost of living finds that a parent with two children in Albuquerque requires far more than the federal poverty income to cover a basic family budget. In reality, a family of three requires \$35,436 per year to maintain a decent standard of living, which translates into a wage of \$17 per hour.<sup>60</sup>

Four states – Arkansas, California, Hawaii and New Hampshire – do not require families with incomes at the poverty level to make child care co-pays and New Mexico should do the same. It could be more progressive and raise the income eligibility so that families with income as high as 200 percent of the poverty level could receive assistance and pay minimal co-pays.

Finally, the state could provide a tax credit to businesses that paid the child care *co-pays* of low-income employees. This strategy would help employers better appreciate the basic costs facing their low-income workers and would lead to employer-generated solutions. Employers would have another benefit to offer low-income workers and workers would get crucial help meeting their budgets. Businesses would also benefit because families with dependable child care miss less work. The state would also reap benefits as quality child care becomes more affordable. Studies have shown that children who receive high-quality early care and education have a better chance of doing well later in school.<sup>61</sup>

This proposal would replace the current Child Care Corporate Income Tax Credit, which, in theory, provides companies paying for licensed child care services for employees a 30% deduction of the eligible expenses. Unfortunately, no companies are taking advantage of the credit.

## **A Fair and Progressive Tax System: Sharing the Prosperity**

It's often cited as "common wisdom" that businesses look first at a state's personal income tax system when deciding where to locate. In fact, taxes are far down the list of factors businesses consider in making relocation decisions. But, businesses do consider a state's "quality of life" which includes poverty rates, crime rates, availability of good schools, health care and a productive work force. New Mexico's ratings are low in all of those measures.<sup>62</sup>

New Mexico's personal income tax system became much more regressive with changes enacted in 2003. When fully phased in, New Mexico will have essentially a flat tax, where the tax rate will be 4.9% for all filers who earn \$20,000 or more. But those figures do not reveal the real tax burden placed on poor and low-income families in the state. The most recent tax burden analysis for New Mexico was completed before the recent changes to the personal income tax and before increases to gross receipts taxes took effect. In 2003, families in the lowest-earning 20% of the population had a state and local tax burden of 12.1%.<sup>63</sup> Only nine other states had higher state and local tax burdens on the lowest earners, and the tax burden for this portion of the population in New Mexico will increase because of the 2003 tax reforms.

In addition to creating a greater burden on low-income families, the personal income tax cuts reduced the state's coffers by a significant amount. Ironically, the state now has fewer dollars to improve the quality of life which could attract businesses.

A fair tax system assigns the costs of state government to taxpayers according to their ability to pay. A progressive tax system is one way that low wage workers can have a fairer share of a state's prosperity.

Seventeen states and the District of Columbia have enacted state earned income tax credits

(EITC), similar to the federal earned income tax credit, to relieve low- and moderate-income families of some of their tax burden.<sup>64</sup> New Mexico has a similar provision, called the Low-Income Comprehensive Tax Rebate, or LICTR. Intended to ease some of the effects of New Mexico's broad-based gross receipts tax system, LICTR is available to families that file a personal income tax return, even if those have no income tax liability. The state estimates that nearly 90% of eligible residents apply for the LICTR rebate.

The Low Income Comprehensive Tax Rebate was last revised in 1998. Since then, the rebate has lost about 18% of its purchasing power, making it past time to increase and update LICTR. But, the state could also choose to create a new state EITC. LICTR could remain as assistance for very low income families, while a new EITC could target higher earners who still need tax relief. Indexing this rebate to the Consumer Price Index would insure that the value of the rebate keeps up with inflation.

Increasing the LICTR rebate or creating a state EITC would make the current tax system less regressive and would relieve poverty for many families. The money returned to families as rebates also serves as an important economic stimulus in the community.



## Recommendations

Enacting any of the policy changes recommended in this chapter would have two key benefits: helping low-income and poor working families in New Mexico move toward self-sufficiency, and creating greater prosperity for all residents of the state. Enacting all of the policy changes would be substantial progress toward an economy built on high wages and opportunity for all. Specifically, the state should:

Increase the state's minimum wage from \$5.15 to \$7.50 per hour.

During the 2006 legislative session, fund a cost analysis of several models of universal healthcare. Review the findings, and in 2007, implement a universal healthcare system that provides affordable health insurance for everyone in the state.

Create a task force to examine why the unemployment insurance system, despite recent reforms, is not reaching more unemployed workers. The task force should make recommendations that would increase the percentage of the unemployed workers receiving UI benefits to at least 50%.

Increase child care subsidies to cover families with incomes that reach 200% of the federal poverty income threshold, and eliminate co-pays for those families or provide a tax credit for businesses that cover the co-pays for employees.

Increase the Low-Income Comprehensive Tax Rebate by \$25 million, which will double the current benefits. Or, create a state EITC for the same amount of money, which would work with the existing LICTR system to give benefits to more families.



# Appendix A

## Better Accountability of the Adult Education and Post-Secondary Education Systems

It is crucial to change our adult education and post-secondary education systems to ensure that they support a high road economy. We will know progress is being made if we see the following results:

- ▶ More adults enrolled in adult basic education (ABE) courses. Currently, only 11% of adults without a high school diploma or GED are enrolled in ABE.
- ▶ A higher percentage and number of adults taking ABE courses who obtain a GED. Currently, only about 10% of ABE students obtain a GED.
- ▶ Increased percentage of those who obtain a GED who are employed and earning at least 200% of the federal poverty income threshold.
- ▶ Increased percentage of students receiving Perkins Act aid and earning a degree or certificate within three years. Currently, only 33% do.
- ▶ Increased number and percentage of Perkins recipients who gain a certificate in a higher-wage occupation; currently, only one-third of the degrees and certificates are in high-wage fields.
- ▶ Increased number and percentage of Perkins recipients who earn a certificate or degree earning at least 200% of the federal poverty income threshold.
- ▶ More students completing remedial classes and successfully obtaining a certificate or degree, as tracked by individual community colleges. Completion rates vary widely among the community colleges and should be scrutinized.
- ▶ Placing more students who have taken remedial classes in jobs, particularly those paying at least 200% of the federal poverty income threshold.
- ▶ More community college students landing high-wage jobs.
- ▶ More placements of low-income students into high wage jobs, perhaps using Pell grant eligibility as an indication of low-income status.
- ▶ Increased college completion rates for low-income students, minorities and women, and a higher placement rate for these populations in high-wage jobs. The Association of New Mexico Community Colleges reports that the graduation rates of minorities and women – who are likely to have lower incomes - is a disappointing 26%. Of those that do graduate, the job-placement rate ranges from 78% to 83% depending on ethnicity.<sup>65</sup> In short, a high percentage of a small number of these students are placed in jobs in New Mexico. We must improve graduation rates, and track the wages these graduates earn.

## Appendix B

### State Programs Funded through Employer Taxes in 2002

State	State Workforce					Department of			
	Worker training	Employment placement	Investment Board	Local Workforce Investment Board(s)	One-stop Center(s)	TANF	H1-B Technical Skills Grant	Welfare-to-Work	Education, Employment & Training Programs
Alabama		•			•	•		•	•
California	•		•	•	•				•
Delaware		•	•	N/A	•	•	•	•	•
Hawaii	•		•	•	•				•
Idaho			•	•	•	•			•
Indiana	•			•					
Kansas		•			•				
Louisiana	•		•	•	•				
Massachusetts	•		•	•	•		•		
Michigan		•			•				•
Montana	•		•		•	•		•	
Nebraska	•		•		•				
Nevada		•	•	•	•	•		•	•
New Hampshire	•		•	N/A					
New Jersey	•		•	•	•				
New York		•	•	•	•	•		•	•
Oregon		•	•	•	•	•	•	•	•
Rhode Island	•		•	•	•	•		•	
South Dakota	•		•	N/A	•				
Tennessee	•								
Texas	•								
Washington		•	•		•	•			
Wyoming	•		•	N/A	•	•			•
<b>Totals</b>	<b>14</b>	<b>8</b>	<b>17</b>	<b>11</b>	<b>19</b>	<b>10</b>	<b>3</b>	<b>7</b>	<b>8</b>
Source: GAO's survey of states that use employer taxes to fund their own workforce programs.									

## Endnotes

<sup>1</sup>Census 2003 American Communities Survey.

<sup>2</sup>Nearly 13% of New Mexico families earn less than 100% FPL. This ranks NM 47<sup>th</sup> in the country in terms of poor working families.

<sup>3</sup> Source: Federal Register, Vol. 70, No. 33, February 18, 2005, pp. 8373-8375.

<sup>4</sup>2003 American Communities Survey Microdata compiled by the Population Research Bureau.

<sup>5</sup>And 82% of families who were poor, that is, earning less than 100% of the FPL, had a parent in the 25 to 54 year old age range. Census 2003 American Community Survey.

<sup>6</sup>Census 2003 American Community Survey.

<sup>7</sup>Ibid.

<sup>8</sup>Again, the data are even more grim for poor families. Nearly two-thirds of poor working families - about 64% pay one third of their income for housing. Census 2003 American Community Survey.

<sup>9</sup>See <http://www.nmvoices.org/docs/policybrief6.pdf>

<sup>10</sup>10

"Paying the Premiums: The Added Cost of Care for the Uninsured." Families USA, June 2005. See <http://www.familiesusa.org>

<sup>11</sup><http://measuringup.highereducation.org/state/ProfileNet.cfm?myYear=2004&statename=New%20Mexico&cat=AFF>

<sup>12</sup> Data drawn from the 2003 American Communities Survey

<sup>13</sup>Ibid

<sup>14</sup>Data are drawn from the Census 2003 American Community Survey.

<sup>15</sup> "Working Hard, Falling Short: America's Working Families and the Pursuit of Economic Security," The Working Poor Families Project, October 2004. See [http://www.aecf.org/initiatives/fes/workingpoor/workingpoor/working\\_hard\\_new.pdf](http://www.aecf.org/initiatives/fes/workingpoor/workingpoor/working_hard_new.pdf).

<sup>16</sup> Estimates are provided from the National Institute for Literacy, based on algorithms that utilize data from the 1992 NALS and the 1990 Decennial Census. (see <http://www.nifl.gov/readers/reder.htm>). Analysis and report of data from 2003 National Assessment of Adult Literacy (NAAL) is projected to occur between January 2004 and May 2005 (see: <http://nces.ed.gov/naal/design/data02.asp#time>).

<sup>17</sup>"The Education Equation: Getting the Facts About Community College Education in New Mexico," from

Meeting Our Mission – New Mexico's Community Colleges 2004-2005, a report prepared by the New Mexico Association of Community Colleges, 2005.

<sup>18</sup> Enrollment data from State Annual Reports to the US Department of Education 2003-2004: numerator = total enrolled for all levels of adult education; Adults Without High School/GED from Census 2003 American Community Survey: denominator = total adults without HS/GED. This indicator is not presented in a published report.

<sup>19</sup> Data from the New Mexico Annual Report to the US Department of Education, FY 04. This measure is computed by dividing the number of all participants (Table 4, column B) by the number of

participants with education or employment goals (Table 5, column B). At present this indicator is not printed in a published report.

<sup>20</sup>Computed by WFPF staff based on FY 2001-2002 expenditure data submitted to the US Department of Education (numerator) and 2002 Census data on numbers of adults 18

– 64 without HS/GED (denominator). Data generated by Population Reference Bureau from 2002 American Community Survey.

<sup>21</sup>"The Education Equation: Getting the Facts about Community College Education in New Mexico," from

Meeting Our Mission – New Mexico Community Colleges 2004 – 2005, a report prepared by the Association of New Mexico Community Colleges, 2005.

<sup>22</sup>Ibid.

<sup>23</sup>Ibid.

<sup>24</sup>Jenkins, Davis and Katherine Boswell, "State Policies on Community College Remedial Education: Findings from a National Survey," pp. 7–8 (Education Commission of the States, Community College Policy Center, Fall 2002).

<sup>25</sup> "The Education Equation: Getting the Facts about Community College Education in New Mexico," from

Meeting Our Mission – New Mexico Community Colleges 2004 – 2005, a report prepared by the Association of New Mexico Community Colleges, 2005.

<sup>26</sup>Uyttebrouck, Olivier "UNM Study-skills Class Helps Students Get Ahead," *Albuquerque Journal*, October 5, 2005.

<sup>27</sup>Data are drawn from the Census 2003 American Community Survey.

<sup>28</sup> "The Education Equation: Getting the Facts about Community College Education in New Mexico," from Meeting Our Mission – New Mexico Community Colleges 2004 – 2005, a report prepared by the Association of New Mexico Community Colleges, 2005.

<sup>29</sup> "The Education Equation: Getting the Facts about Community College Education in New Mexico," from Meeting Our Mission

– New Mexico Community Colleges 2004 – 2005, a report prepared by the Association of New Mexico Community Colleges, 2005.

<sup>30</sup>Information for 1996-7 is published by the American Association of Community Colleges based on analysis of data from the National Center for Education Statistics. See: Table 3.5, National Profile of Community Colleges: Trends and Statistics. American Association of Community Colleges, Washington, D.C., 2000.

<sup>31</sup> "The Education Equation: Getting the Facts about Community College Education in New Mexico," from Meeting Our Mission – New Mexico Community Colleges 2004 – 2005, a report prepared by the Association of New Mexico Community Colleges, 2005, pg. 20.

<sup>32</sup>Jenkins, Davis and Katherine Boswell, "State Policies on Community College Remedial

Education: Findings from a National Survey," pp. 7-8 (Education Commission of the States, Community College Policy Center, Fall 2002).

<sup>33</sup>Ibid., pg 6.

<sup>34</sup>Presentation by Frank Renz, Executive Director, New Mexico Association of Community Colleges, to the New Mexico Welfare Oversight Committee of the State Legislature on September 22, 2005.

<sup>35</sup>National Center for Public Policy and Higher Education, "Measuring Up 2004: The National Report card on Higher Education." See [http://measuringup.highereducation.org/compare\\_states.cfm](http://measuringup.highereducation.org/compare_states.cfm)

<sup>36</sup>Future Works, "Held Back: How Student Aid Programs Fail Working Adults," April, 2002, pg. 53 (see: <http://www.futureworks-web.com/pdf/Held%20Back%20report.pdf>).

<sup>37</sup>Presentation by Frank Renz, Executive Director, New Mexico Association of Community Colleges, to the New Mexico Welfare Oversight Committee of the State Legislature on September 22, 2005.

<sup>38</sup>Community College Policy Center, Education Commission of the States, "State Funding for Community Colleges: A 50 State Survey," 2000 (based on a July 2000 survey), Table 18. (see: [www.ecs.org](http://www.ecs.org)).

<sup>39</sup>National Governors' Association Center for Best Practices, "Workforce Investment Act Implementation: Strategic Plans of final 30 States, September 2001.

<sup>40</sup>Workforce Training: Almost Half of States Fund Employment Placement and Training through Employer Taxes and Most Coordinate with Federally Funded Programs, Government Accountability Office, GAO-04-282, February 2004. See [www.gao.gov/cgi-bin/getrpt?GAO-04-282](http://www.gao.gov/cgi-bin/getrpt?GAO-04-282)).

<sup>41</sup>Ibid.

<sup>42</sup>State level data are compiled annually by the US Department of Health and Human Services and include data for on-the-job training, vocational education, skills training and education related to employment. See Table 3:4c, Temporary Assistance for Needy Families: Sixth Annual Report to Congress, November 2004.

<sup>43</sup>Calculated by subtracting the white population in the labor force from the total in the labor force, and dividing that number by the total in the population minus the published by the Bureau of Labor Statistics and based on the Current Population Survey, 2003. See <http://www.bls.gov/lau/table14full03.pdf>.

<sup>44</sup>Basic Monthly Survey of the Current Population Survey (2004). Data generated by the Population Reference Bureau.

<sup>45</sup>This indicator is created using data from the Bureau of Labor Statistics' Occupational Employment Statistics Program, 2004. See <http://www.bls.gov/oes/home.htm>. Data generated by the Working Poor Families Project national team.

<sup>46</sup>Descriptions of economic development incentives offered by New Mexico are available at [www.edd.state.nm.us](http://www.edd.state.nm.us).

<sup>47</sup>Ibid.

<sup>48</sup>Ibid.

<sup>49</sup><http://www.industryweek.com/ReadArticle.aspx?ArticleID=10868&SectionID=10>

<sup>50</sup> (FOOTNOTE: The Manufacturing Institute, "2005 Skills gap Report – A Survey of the American Manufacturing Workforce", November, 2005. See, [http://www.nam.org/s\\_nam/sec.asp?CID=20426&DID=235735](http://www.nam.org/s_nam/sec.asp?CID=20426&DID=235735).

<sup>51</sup>See <http://www1.edd.state.nm.us/index.php?business/C48/>.

<sup>52</sup>Basic Monthly Survey of CPS (2004); self-employed workers excluded, data generated by PRB.

<sup>53</sup>Source: 2004 March CPS Supplement, data generated by PRB.

<sup>54</sup>Source: March 2002-2004 CPS Supplement, data generated by PRB.

<sup>55</sup>Source: Numerator: Number of workers covered provided by National Academy of Social Insurance, Workers Compensation: Benefits, Coverage and Costs, 2002. August 2004. (See <http://www.nasi.org/>, Table 3). Denominator: Data on all wage and salary workers provided by the US Bureau of Economic Analysis. (See <http://www.bea.doc.gov/bea/regional/spi/>).

<sup>56</sup>Source: This measure is derived from the Office of Workforce Security, Employment and Training Administration, US Department of Labor, 2<sup>nd</sup> Quarter 2005. (See [http://www.workforcesecurity.doleta.gov/unemploy/content/data\\_stats/datasum05/2ndqtr/sum.asp#1f](http://www.workforcesecurity.doleta.gov/unemploy/content/data_stats/datasum05/2ndqtr/sum.asp#1f)). Data are located in labor Force Information (all Programs, Quarter): the calculation involves taking the insured unemployed as a percent of total unemployed. This number is then subtracted from 100 to obtain the measure for this report.

<sup>57</sup><http://www.dol.gov/esa/programs/whd/state/state.htm>

<sup>58</sup>"House Bill 955, Comprehensive Study on Health Care and Health Care Costs in New Mexico: Preliminary Findings," by Paul Burciago et al. Presented to the New Mexico Health and Human Services Committee on November 18, 2004.

<sup>59</sup>This measure is derived from the Office of Workforce security, Employment and Training Administration, US Department of Labor, 4<sup>th</sup> Quarter 2004. (see [http://www.workforcesecurity.doleta.gov/unemploy/content/data\\_stats/datasum04/4thqtr/sum.asp#fin](http://www.workforcesecurity.doleta.gov/unemploy/content/data_stats/datasum04/4thqtr/sum.asp#fin)). Data are located in labor Force Information (All programs, Quarter): the calculation involves taking the insured unemployed as a percent of total unemployed. This number is then subtracted from 100 to obtain the measure for this report.

<sup>60</sup>[www.epinet.org](http://www.epinet.org) See: Budget Calculator for Albuquerque, one parent two children.

<sup>61</sup>"Benefits, Costs, and Explanation of the High/Scope Perry Preschool Program by Lawrence J. Schweinhart. Paper presented at the Meeting of the Society for Research in Child Development Tampa, Florida, April 26, 2003; Exceptional Returns: Economic, Fiscal and Social Benefits of Investment in Early Childhood Development by Robert Lynch, Economic Policy Institute, 2004 ([www.epinet.org](http://www.epinet.org)); and Santa Fe Institute Consortium, "Increasing Human Potential, (A Description of the Program, its Goals and Significance). Santa Fe Institute, February 2004 update.

<sup>62</sup>See New Mexico's recent rankings at [www.cfed.org](http://www.cfed.org), Report Card on the States.

<sup>63</sup>The Institute on Taxation and Economic Policy, "Who Pays: A Distributional Analysis of the Tax Systems in All 50 States," 2<sup>nd</sup> edition, January 2003 (see <http://www.itepnet.org/wp2000/text.pdf>).

<sup>64</sup>State Credit Resources, "State EIC Programs" (see <http://www.taxcreditresources.org>).

<sup>65</sup> "The Education Equation: Getting the Facts about Community College Education in New Mexico," from Meeting Our Mission – New Mexico Community Colleges 2004 – 2005, a report prepared by the Association of New Mexico Community Colleges, 2005.



the 1990s, the incidence of *S. flexneri* has increased in the United Kingdom [10]. In the United States, *S. flexneri* has been reported as the most common serotype in children with acute bacterial dysentery [11]. In the United Kingdom, *S. flexneri* has been reported as the most common serotype in children with acute bacterial dysentery [12]. In the United States, *S. flexneri* has been reported as the most common serotype in children with acute bacterial dysentery [11]. In the United Kingdom, *S. flexneri* has been reported as the most common serotype in children with acute bacterial dysentery [12].

The present study was designed to determine the prevalence of *S. flexneri* in children with acute bacterial dysentery in the United Kingdom. The study was conducted in the United Kingdom, where the incidence of *S. flexneri* has increased in the 1990s. The study was conducted in the United Kingdom, where the incidence of *S. flexneri* has increased in the 1990s. The study was conducted in the United Kingdom, where the incidence of *S. flexneri* has increased in the 1990s.

The present study was designed to determine the prevalence of *S. flexneri* in children with acute bacterial dysentery in the United Kingdom. The study was conducted in the United Kingdom, where the incidence of *S. flexneri* has increased in the 1990s. The study was conducted in the United Kingdom, where the incidence of *S. flexneri* has increased in the 1990s. The study was conducted in the United Kingdom, where the incidence of *S. flexneri* has increased in the 1990s.

The present study was designed to determine the prevalence of *S. flexneri* in children with acute bacterial dysentery in the United Kingdom. The study was conducted in the United Kingdom, where the incidence of *S. flexneri* has increased in the 1990s. The study was conducted in the United Kingdom, where the incidence of *S. flexneri* has increased in the 1990s. The study was conducted in the United Kingdom, where the incidence of *S. flexneri* has increased in the 1990s.

The present study was designed to determine the prevalence of *S. flexneri* in children with acute bacterial dysentery in the United Kingdom. The study was conducted in the United Kingdom, where the incidence of *S. flexneri* has increased in the 1990s. The study was conducted in the United Kingdom, where the incidence of *S. flexneri* has increased in the 1990s. The study was conducted in the United Kingdom, where the incidence of *S. flexneri* has increased in the 1990s.

The present study was designed to determine the prevalence of *S. flexneri* in children with acute bacterial dysentery in the United Kingdom. The study was conducted in the United Kingdom, where the incidence of *S. flexneri* has increased in the 1990s. The study was conducted in the United Kingdom, where the incidence of *S. flexneri* has increased in the 1990s. The study was conducted in the United Kingdom, where the incidence of *S. flexneri* has increased in the 1990s.