

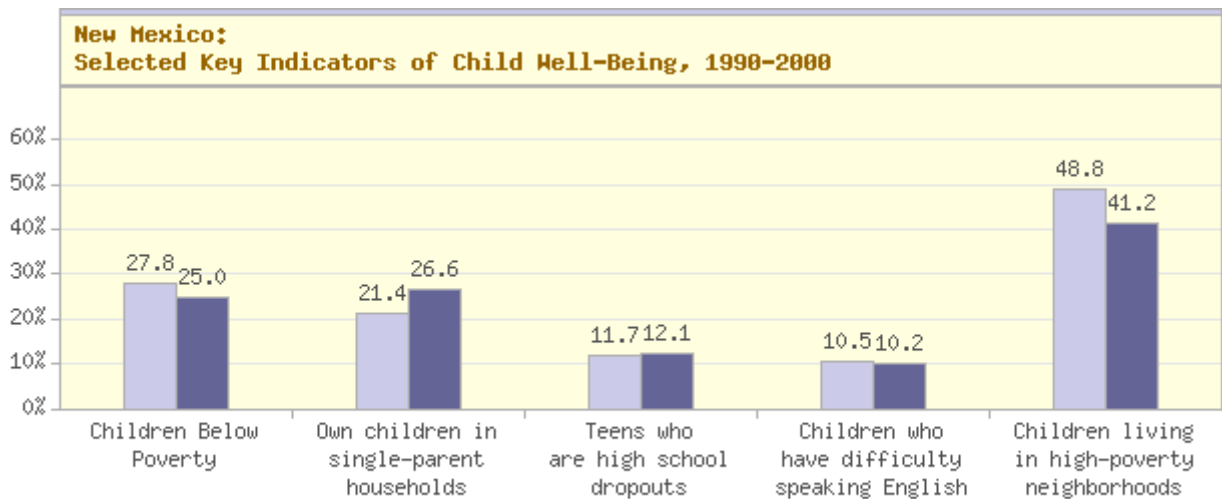
Key Indicators of Child Well-Being in New Mexico

New Mexico's population has a high percentage of children, but not all of them are growing up with the resources they need to be healthy and fulfill their potential. As a whole, New Mexico ranks 48th in child poverty* – only Louisiana and Mississippi do worse. For a variety of reasons, some legislative districts do better than others.

In the following pages, we've highlighted some of the indicators of child well-being in New Mexico. We've also included various solutions to relieve child poverty – they're on the sheets on the right-hand side of this folder – that we hope will be considered during this legislative session.

These first two graphs show you how many children live in New Mexico and a few of the key indicators of their well-being.

Population and Household Totals	New Mexico		United States	
	Number	Percent	Number	Percent
Total population	1,819,046	100.0	281,421,906	100.0
Population under age 18	508,574	28.0	72,293,812	25.7
Total occupied households	677,971	100.0	105,480,101	100.0
Households with children	261,684	38.6	38,022,115	36.0



*Annie E Casey Foundation's 2006 Kids Count Data Book.
 Source: Population Reference Bureau, analysis of data from the U.S. Census Bureau.

Working Families and Child Poverty

When looking at child poverty, it's important to consider several extenuating circumstances – such as how many parents live in the household and how many contribute to the family income. In general, children living with just their mothers have the lowest poverty rates. Childcare expenses, the gender wage gap, and uncollected child support are the three main factors for this. Higher and more equitable wages, work supports such as childcare assistance and a Working Families Tax Credit, and adult education and job training are the best ways to turn this trend around.

New Mexico: Children in Poverty by Family Type and Age Group

Family Type and Age Group	Total	Below Poverty	
		Number	Percent
Related children under age 18*	497,286	122,488	24.6
In married-couple families	339,307	52,967	15.6
Under age 5	85,976	14,806	17.2
Age 5	18,310	3,459	18.9
Ages 6 to 17	235,021	34,702	14.8
In single-mother families	117,161	56,566	48.3
Under age 5	29,019	16,376	56.4
Age 5	6,156	3,344	54.3
Ages 6 to 17	81,986	36,846	44.9
In single-father families	40,818	12,955	31.7
Under age 5	12,433	4,013	32.3
Age 5	1,963	738	37.6
Ages 6 to 17	26,422	8,204	31.0

*Related children are all children living in the household who are related to the householder by birth, marriage (step-children) or adoption.

These two charts show the percentage of parents who participate in the workforce, and how New Mexico ranks among all 50 states.

Percent of Own Children Under Age 18 With All Parents in the Labor Force: 2000**

National Rank	Geographic Area	%
45	New Mexico	61.0

Percent of Own Children Under Age 18 With No Parents in the Labor Force: 2000

6	New Mexico	13.6
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**Parents were defined as being in the labor force if they were working, looking for work, or serving in the US military during the timeframe of the survey.

Source: Population Reference Bureau, analysis of data from the U.S. Census Bureau.



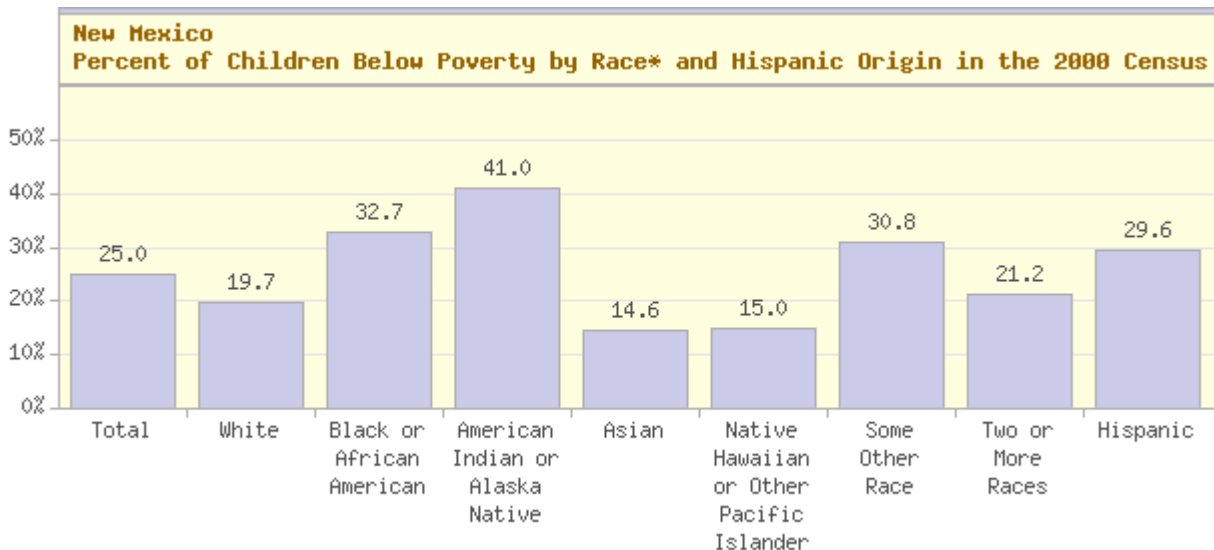
Child Poverty by Race

Unfortunately, race and ethnicity still play a major role in the well-being of this nation’s children. There are two primary reasons for this: institutionalized racial discrimination still exists (no matter how unintentional) and minority children come into this world burdened with numerous inherited inequities.

Consider this: the bulk of the average American’s wealth comes from the ownership of their home. It is the single largest monetary inheritance for most Americans. But home ownership comes with other benefits. One can borrow against one’s equity in order to fund a child’s college education, for instance. Homeowners also receive millions in government subsidies in the form of tax deductions that are unavailable to renters. This has largely been a dream for most Americans of color. Red-lining practices were the culprit during the decades of post-WWII housing boom. Since the 1970s, housing costs have risen much higher than wages and now take up a far larger portion of a family’s income than ever before, making home ownership out of reach for low-income families.

Financial inequities lead to disparities in most every other aspect of a child’s life – the quality of their education (and the likelihood that their parents are educated), their access to basic health care, the likelihood of being placed in foster care, for example. Minority parents are more likely to suffer from depression or other mental illnesses, and be incarcerated. Families that live in neighborhoods with high poverty rates are more likely to be victims of crime, pay more for everything from car insurance to credit rates, and live in unhealthy, substandard housing.

The graph below indicates the percentage of children in New Mexico living in poverty, broken down by race.



*Hispanics can be of any race.

Source: Population Reference Bureau, analysis of data from U.S. Census Bureau, 2000 Census.



Grandparents Caring for Grandchildren and Education

Children end up living with and being raised by their grandparents for a number of reasons – their parents are absent or otherwise unavailable. No matter the reason, such children are more likely to live in poverty than children being raised by their parents.

New Mexico: Grandparents Living with and Responsible for Own Grandchildren Under Age 18

	Number	Percent
Grandparents living with own grandchildren	46,014	100.0
Grandparents who are responsible for own grandchildren	24,041	52.2
Responsible for own grandchildren for less than 6 months	3,258	7.1
Responsible for own grandchildren for 6 to 11 months	3,168	6.9
Responsible for own grandchildren for 1 or 2 years	5,618	12.2
Responsible for own grandchildren for 3 or 4 years	3,162	6.9
Responsible for own grandchildren for 5 or more years	8,835	19.2

There is little debate that education is the best answer for ending poverty – and there is even less debate that our current educational system isn't working as well as it should. Much of this is due to the fact that schools must deal with social issues that were not prevalent 30 or 40 years ago – students bringing weapons to school, the added need for security, and the need for after-school programs, to name a few. To make matters worse, the public attitude toward public education is punitive rather than supportive. This is no recipe for success. Early childhood education is.

Studies have shown that children are more likely to graduate from high school when they have quality early child education. Doctors and scientists have been learning just how important the early years are for a child's brain development. If you think of the brain as a building, these early years represent when the foundation, framing and roof get built. These elements must be strong and well-developed if the brain is to function later in life, when the fixtures and furnishings – that is, specific knowledge – are added. Unlike a building project, however, we can't go back in later and shore up a weak foundation. That window of opportunity is simply lost.

New Mexico: Highest Educational Attainment for Ages 18 to 24

	Total		Female		Male	
	Number	Percent of Persons Ages 18 to 24	Number	Percent of Females Ages 18 to 24	Number	Percent of Males Ages 18 to 24
Population ages 18 to 24	176,677	100.0	86,923	100.0	89,754	100.0
Not a high school graduate	52,115	29.5	23,444	27.0	28,671	31.9
High school graduate or equivalency	54,650	30.9	25,902	29.8	28,748	32.0
Some college, no degree	57,782	32.7	30,559	35.2	27,223	30.3
Associate or Bachelor's degree	11,416	6.5	6,571	7.6	4,845	5.4

Source: Population Reference Bureau, analysis of data from the U.S. Census Bureau, 2000 Census.

For specific information about state legislative districts go to:
<http://www.aecf.org/cgi-bin/aecensus.cgi?action=profile>



How New Mexico's Legislative Districts Measures Up in Child Poverty

The next four pages show how New Mexico's 42 senate districts ranks against each other and against all 1934 state senate districts across the nation, and how New Mexico's 70 house districts rank against each other and against all 4749 state house districts across the nation. The higher the district is on the list, the higher the percentage of young children who live in poverty there.

Senate Districts:

Percent of Population Under Age 5 who are Below Poverty: U.S. Census 2000

National Rank	In-State Rank	Geographic Area	% in Poverty
13	1	State Senate District 35, NM	48.8
28	2	State Senate District 3, NM	44.7
30	3	State Senate District 31, NM	44.6
40	4	State Senate District 38, NM	43.2
68	5	State Senate District 17, NM	40.3
74	6	State Senate District 4, NM	39.6
79	7	State Senate District 22, NM	39.2
86	8	State Senate District 28, NM	38.2
96	9	State Senate District 36, NM	37.2
96	9	State Senate District 14, NM	37.2
102	11	State Senate District 32, NM	36.6
119	12	State Senate District 30, NM	35.7
137	13	State Senate District 12, NM	34.3
177	14	State Senate District 41, NM	31.9
183	15	State Senate District 8, NM	31.5
190	16	State Senate District 33, NM	31.2
220	17	State Senate District 1, NM	30.1
220	17	State Senate District 42, NM	30.1
279	19	State Senate District 27, NM	28.4
300	20	State Senate District 13, NM	27.5
364	21	State Senate District 40, NM	25.7
412	22	State Senate District 7, NM	24.5
433	23	State Senate District 34, NM	24.1
450	24	State Senate District 37, NM	23.8

473	25	State Senate District 6, NM	23.4
483	26	State Senate District 29, NM	23.2
532	27	State Senate District 11, NM	22.2
616	28	State Senate District 5, NM	20.7
643	29	State Senate District 24, NM	20.4
678	30	State Senate District 2, NM	19.8
719	31	State Senate District 39, NM	19.2
786	32	State Senate District 16, NM	18.4
840	33	State Senate District 26, NM	17.6
916	34	State Senate District 25, NM	16.7
999	35	State Senate District 19, NM	15.5
1079	36	State Senate District 18, NM	14.4
1092	37	State Senate District 20, NM	14.3
1219	38	State Senate District 15, NM	12.8
1309	39	State Senate District 10, NM	11.6
1494	40	State Senate District 9, NM	9.3
1504	41	State Senate District 21, NM	9.1
1568	42	State Senate District 23, NM	8.3

House Districts:

Percent of Population Under Age 5 who are Below Poverty: U.S. Census 2000

National Rank	In-State Rank	Geographic Area	% in Poverty
25	1	State House District 32, NM	53.4
104	2	State House District 35, NM	46.4
119	3	State House District 26, NM	45.5
131	4	State House District 49, NM	44.6
134	5	State House District 6, NM	44.5
145	6	State House District 34, NM	44.1
158	7	State House District 52, NM	43.2
199	8	State House District 4, NM	41.5
199	8	State House District 65, NM	41.5
199	8	State House District 9, NM	41.5

266	11	State House District 69, NM	38.8
266	11	State House District 5, NM	38.8
271	13	State House District 36, NM	38.7
276	14	State House District 11, NM	38.6
285	15	State House District 58, NM	38.3
306	16	State House District 14, NM	37.3
315	17	State House District 39, NM	37.0
323	18	State House District 61, NM	36.8
334	19	State House District 33, NM	36.6
398	20	State House District 70, NM	34.9
404	21	State House District 63, NM	34.8
470	22	State House District 12, NM	33.4
487	23	State House District 18, NM	33.1
493	24	State House District 10, NM	32.9
556	25	State House District 59, NM	31.6
593	26	State House District 38, NM	30.8
601	27	State House District 68, NM	30.7
623	28	State House District 54, NM	30.4
634	29	State House District 42, NM	30.3
667	30	State House District 2, NM	29.7
697	31	State House District 56, NM	29.3
732	32	State House District 48, NM	28.8
765	33	State House District 57, NM	28.4
776	34	State House District 62, NM	28.3
796	35	State House District 51, NM	28.0
817	36	State House District 66, NM	27.7
931	37	State House District 21, NM	26.2
968	38	State House District 67, NM	25.9
1024	39	State House District 8, NM	25.3
1051	40	State House District 7, NM	25.1
1069	41	State House District 37, NM	24.9
1069	41	State House District 17, NM	24.9
1080	43	State House District 40, NM	24.8
1098	44	State House District 41, NM	24.6

1179	45	State House District 53, NM	23.9
1409	46	State House District 50, NM	22.0
1477	47	State House District 1, NM	21.5
1617	48	State House District 55, NM	20.4
1643	49	State House District 19, NM	20.2
1707	50	State House District 64, NM	19.7
1745	51	State House District 45, NM	19.4
1804	52	State House District 46, NM	19.0
1847	53	State House District 30, NM	18.7
1874	54	State House District 13, NM	18.5
2074	55	State House District 3, NM	17.3
2138	56	State House District 20, NM	17.0
2273	57	State House District 28, NM	16.2
2610	58	State House District 24, NM	14.1
2868	59	State House District 15, NM	12.4
2956	60	State House District 16, NM	11.9
3078	61	State House District 25, NM	11.3
3078	61	State House District 31, NM	11.3
3322	63	State House District 43, NM	9.9
3350	64	State House District 23, NM	9.8
3578	65	State House District 29, NM	8.6
3817	66	State House District 60, NM	7.3
3892	67	State House District 47, NM	6.8
4198	68	State House District 22, NM	4.9
4220	69	State House District 44, NM	4.8
4379	70	State House District 27, NM	3.9

For more information about state legislative districts go to:
<http://www.aecf.org/cgi-bin/aecensus.cgi?action=profile>

✓ **RAISE THE MINIMUM WAGE**

The federal minimum wage hasn't been raised in a decade and now has less spending power than it did more than 40 years ago. Half of the country's states have already raised the minimum wage for their lowest-income workers. And while some municipalities in New Mexico have taken the initiative to raise wages within their jurisdictions, it's time to reward hard work across the whole state. A statewide raise, however, should not preempt a municipality's ability to require higher wages where the costs of living are significantly higher.

Raising the minimum wage would:

✓ **Benefit mostly adults who work full-time**

The vast majority (82%) of working New Mexicans who would benefit from an increase in the minimum wage to \$7.50 are adults. Most of those who would be affected work full time and many support children. A wage increase would particularly benefit women and Hispanic workers. More than half the families that would benefit from an increase in the minimum wage receive *all of their family earnings* from family members who earn the current minimum wage of \$5.15.

✓ **Benefit nearly one-eighth of New Mexico's workforce**

A larger portion of New Mexico's hourly work force is paid the minimum wage than in any other state in the nation. About one-eighth of the workforce - 123,000 people - would directly benefit if the state minimum wage is raised to \$7.50 per hour.

✓ **Reduce poverty in New Mexico**

Poverty is one of New Mexico's most severe problems, but poverty rates have gone down in states that have increased their minimum wage – without costing these states jobs or economic growth. The hourly wage required to bring the income of a family of three up to the federal poverty level is \$7.74. Raising the minimum wage to \$7.50 in New Mexico will bring a family of three close to - but still below - the federal poverty threshold.

✓ **Benefit the state's economy**

An increase in the minimum wage to \$7.50 would put approximately \$5,000 per year – that's about \$100 each week – into the hands of hard-working New Mexicans. That's an additional \$100 a week that would be pumped right back into the economy as it enables working people to pay for groceries, gasoline, childcare and other necessities.

Indexing the minimum wage would:

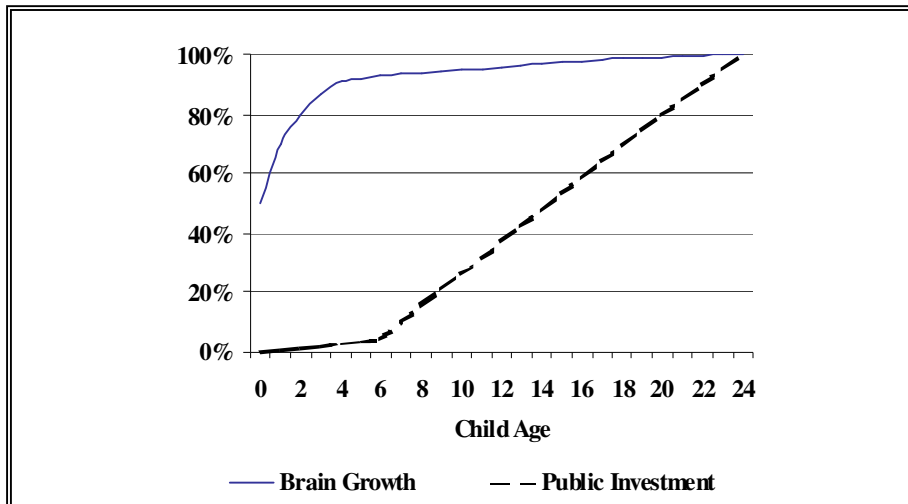
✓ **Preserve the value of the wage increase over time**

The value of a wage increase is lost every time the cost of living rises. About 20% of the value of the 1997 federal minimum wage of \$5.15 has been lost due to inflation. That's an average annual loss of \$2,142 for a full-time minimum wage worker. New Mexico would be smart to index its minimum wage so that it automatically rises with inflation. By doing so, New Mexico's hard working families would not have to watch the value of their earnings decline until the Legislature meets to raise it again.

✓ FULLY FUND CHILDCARE

Our youngest children need safe and nurturing environments and high quality educational experiences in order to achieve their learning potential in school. More than 85 percent of brain development occurs in the first three years of life, and yet less than one-half of one percent of our state budget is spent on these early years. Contrast that against the 65 percent of the state budget that's spent on K-12 and higher education. If we truly want our children to succeed in school, we must invest more dollars in the early years.

As this graph shows, New Mexico's investment in our children's education increases with age -- while the majority of brain development occurs long before the bulk of that investment is made.



Proposed legislation would:

- ✓ **Increase funding for *quality* child care by \$18.4 million**
Of that \$18.4 million, \$10 million would go toward increasing childcare assistance (see below) so that it is available to more working parents. Another \$2 million would go to training and technical assistance programs for childcare providers. The T.E.A.C.H. New Mexico Scholarship program would also receive \$2 million and the remaining \$4.5 million would go toward other quality initiatives.
- ✓ **Increase child care assistance by \$10 million in order to restore eligibility to 200% FPL**
Quality childcare is often cost prohibitive for parents who work in low-income jobs. Prior to 2001, childcare assistance was available to families living at less than 200% of the Federal Poverty Level (FPL). In August of 2001, then-Governor Gary Johnson lowered the eligibility to 100% FPL, making thousands of low-income families ineligible for assistance. Since then, Governor Richardson has pledged to restore eligibility to 200% FPL, but in the past several years eligibility has only been raised incrementally, putting it currently at 155% FPL.
- ✓ **Give more New Mexico children the head start they need for academic success**

If we want parents to be able to work to support their families, we must make sure that they have safe and nurturing environments in which to place their youngest children. Support for quality childcare is a win-win-win for New Mexico – now and in the future. It helps the children who receive the care, the parents who are enabled to work, and employers who get effective, engaged employees now and in the future.

Sponsors: Senator Linda Lopez and Representative Rhonda King

✓ **WORKING FAMILIES TAX CREDIT**

A Working Families Tax Credit (WFTC) would provide a crucial tax credit to hard-working, low-income families, helping them close the gap between what they earn and how much they need in order to make ends meet. This credit would return millions of dollars to families who then would put that money back into New Mexico's economy.

Twenty states and the District of Columbia have created similar refundable tax credits for working families that are based on a percentage (usually between 5% and 35%) of the federal Earned Income Tax Credit (EITC). It's time for New Mexico to help our working families by enacting a refundable Working Families Tax Credit that is at least 10% of the federal EITC. Working families with incomes up to \$37,263 qualify for the federal EITC. This would be the same income threshold for New Mexico's Working Families Tax Credit.

Enacted in 1975 under President Ford, and since expanded under both Republican and Democratic administrations, the federal EITC is supported by policymakers on both sides of the aisle. At the state level, working family tax credits have been enacted under both Democratic and Republican governors.

Proposed legislation would:

✓ **Make a significant difference for hard-working families**

The federal EITC is the single most effective policy to lift low-income working families out of poverty. The National Center for Children in Poverty found that the federal EITC reduces child poverty for young children by nearly 25%. State working families tax credits build on the benefits of the federal EITC. Working families in New Mexico received more than \$370 million from the EITC in 2005. A state Working Families Tax Credit (WFTC) enacted at 10% of the federal EITC would return another \$37 million to working families throughout our state.

✓ **Benefit the local economy**

New Mexico businesses benefit because families often spend their refunds where they live, boosting the local economy, especially in rural areas of the state.

A Working Families Tax Credit, made available to families that qualify for the federal EITC, and in addition to the Low Income Comprehensive Tax Rebate (see reverse for details), would benefit New Mexico's hard-working families as well as the state's economy.

Sponsor: House Speaker Ben Lujan

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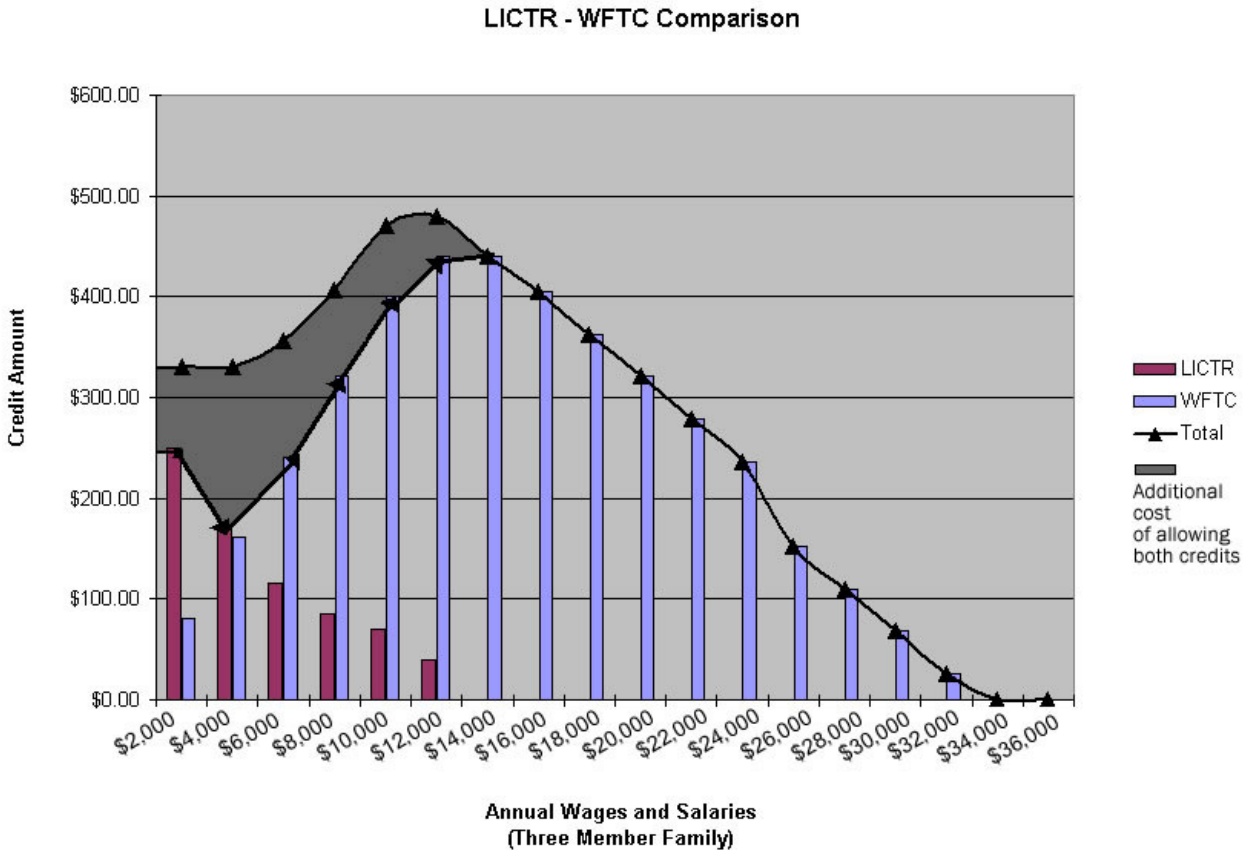
The WFTC and LICTR Work Together for Those Most in Need

The Working Families Tax Credit (WFTC) legislation introduced in 2006 was written to restrict working families from receiving both the WFTC and the current Low Income Comprehensive Tax Rebate (LICTR). Under this legislation, low-income working families would have been forced to choose between one tax credit or the other. We believe this would be unfair.

No other sector of workers is asked to choose between tax credits. In fact, the wealthier the person, the more tax breaks available. Why would we want to place this kind of limitation on the people who need help the most? We should be taking care of our most vulnerable citizens, not the wealthiest.

Another reason to allow both credits is that they each serve different purposes. The LICTR is a way of rebating some of the broad-based gross receipts taxes because they take the greatest toll on those in deepest poverty – mostly seniors and the disabled who cannot work. Both the federal EITC and the state WFTC, on the other hand, serve as incentives to work and are available only to working families. Families that are eligible to receive both credits are our lowest income families with the highest overall tax burden.

As you can see in the graph below, the additional cost of allowing both deductions (the area shaded in dark gray) is minimal in view of the whole program -- only an additional \$11 million.



✓ **EXPAND MEDICAID**

Medicaid provides cost-efficient health-care coverage for more than 400,000 children, elderly and disabled New Mexicans. While health-care costs are rising much faster than inflation, Medicaid has kept its costs down. With a federal match rate of nearly 3 to 1, New Mexico gets about four dollars worth of health care for every dollar invested. With the State Children's Health Insurance Program (SCHIP) and the State Coverage Insurance Plan (SCI), the match is even better at 4 to 1.

Clearly, state health-care dollars spent on Medicaid are a wise and necessary investment. And because Medicaid payments to health-care providers help support health care for all New Mexicans, it's an investment that pays off for the whole state. Because Medicaid serves nearly one in four New Mexicans, it is the primary economic engine for health care throughout the state and especially in rural New Mexico. A stable health-care infrastructure depends heavily on full funding of Medicaid.

Appropriations should:

- ✓ **Maintain the current level of benefits and eligibility**
The Human Services Department (HSD) estimates that \$70 million will be needed this year in order to prevent cutbacks.

- ✓ **Expand Medicaid eligibility to adults at up to 100% of the Federal Poverty Level (FPL)**
HSD estimates the cost for the first year phase-in to be about \$15 million.

There is no better investment for the health of our residents – especially our children, elderly and disabled – than to fully fund Medicaid and expand coverage to more New Mexicans.

✓ **UNEMPLOYMENT INSURANCE REFORM**

New Mexico has the most solvent Unemployment Insurance (UI) Trust Fund in the nation, with a balance of more than \$500 million. In 2003, the Legislature -- with the support of advocates, labor and business -- enacted reforms that lowered UI taxes and increased benefits to unemployed workers. These reforms are scheduled to sunset in 2007 unless the sunset provision is repealed.

Proposed legislation would:

- ✓ **Repeal the sunset provision enacted in 2003 to maintain low tax rates and improved benefit levels**
- ✓ **Enact new trigger mechanisms that would delay a change to a higher tax schedule for employers**
- ✓ **Increase the weekly benefit amount from 52.5% of past wages to 53.5%**
- ✓ **Increase the dependent benefit amount from \$15 per dependent per week to \$25 (for a maximum of 4 dependents)**
- ✓ **Establish a permanent fund for the administration of the UI program at the state Department of Labor**

These proposed reforms will keep employer taxes low (one of the lowest in the nation) and will improve benefits for unemployed workers ... at *no* risk to the UI Trust Fund.

Sponsor: Representative Mimi Stewart

✓ **THE COLLEGE AFFORDABILITY FUND**

In 2005, the Legislature appropriated \$49 million in nonrecurring revenue to the College Affordability Fund. Interest from this fund is used to make scholarships available to low-income college students so college is more accessible. While scholarships funded by the lottery are available to all high school graduates entering college and are not based on financial need, the College Affordability Fund scholarships are available only to those who demonstrate a financial need. A new investment is needed to expand this opportunity to more low-income New Mexicans.

This year legislators will again have a record amount of revenue from non-recurring funds – some \$1 billion. Since this revenue may well be gone next year, it is best invested in funds like this that will provide dividends for years and years to come.

Proposed legislation would:

✓ **Appropriate \$50 from nonrecurring revenue for the College Affordability Fund**

This would allow us to double the number of students we can serve.

Education is one of the best ways to reduce poverty and open new opportunities for hard-working New Mexicans – now and in the future. College-educated parents are more likely to have the means necessary to provide a college education to their children.