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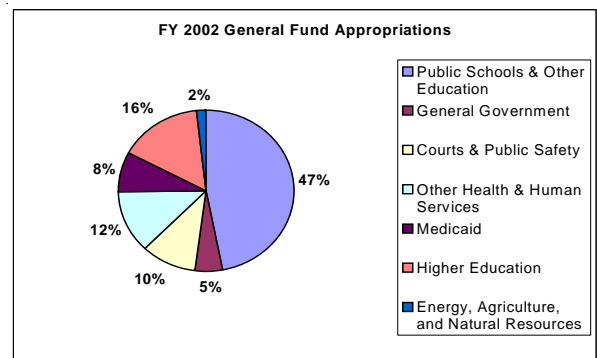
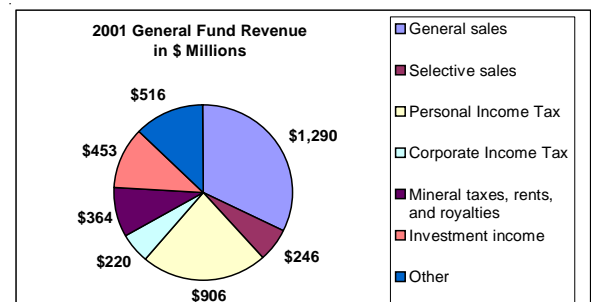
The legislative session begins on January 21, 2003. This is a "long", or 60 day session. We anticipate that it will be very busy. With the change in governors, many advocates believe that this session will present an opportunity to move an agenda for children, adults, the disabled, elderly and others. However, the economic recession and a corresponding slow down of revenue growth mean that the state has less money to spend. We anticipate debates over expenditures for Medicaid and education, and whether or not to cut tax cuts, which will further reduce revenues.

Every year, the Board and staff of New Mexico Voices for Children prepares for the legislative session by examining the issues that most impact the health and well being of children. In the months before the session, the Board determines legislation we will support, and oppose. This legislative preview is one way to become more familiar with the issues, and why they are important to all of us who care about children.

**Budget Policy, Taxes and Child Poverty**

Across the country, child advocacy organizations have started more sophisticated analysis of state fiscal and tax policies. This is because state revenues are generated from taxes (personal income taxes, sales or gross receipts taxes, property taxes, corporate taxes, extraction and other taxes). Without a solid tax policy, states often run short of revenue, which means that programs important to children – like education, health care, and child care subsidies – are reduced or under-funded to balance the budget. And, taxes can be "regressive" – that is, impacting low income families more than higher income families. New Mexico's child poverty rate is the highest in the nation so a progressive tax base and a healthy general fund sufficient to provide services for low income families is essential.

New Mexico's revenues and appropriations from last year are shown in two pie charts:



In New Mexico, the gross receipts tax is the largest source of general fund revenue, followed by the state's personal income tax. Efforts to narrow the tax base by selective exemptions to the gross receipts tax, like exempting food from the tax, will result in few benefits for low income families, and may jeopardize the state's general fund, which pays for Medicaid, child care subsidies, public education and other services which benefit the poor.

This legislative session, we will recommend that the legislature:

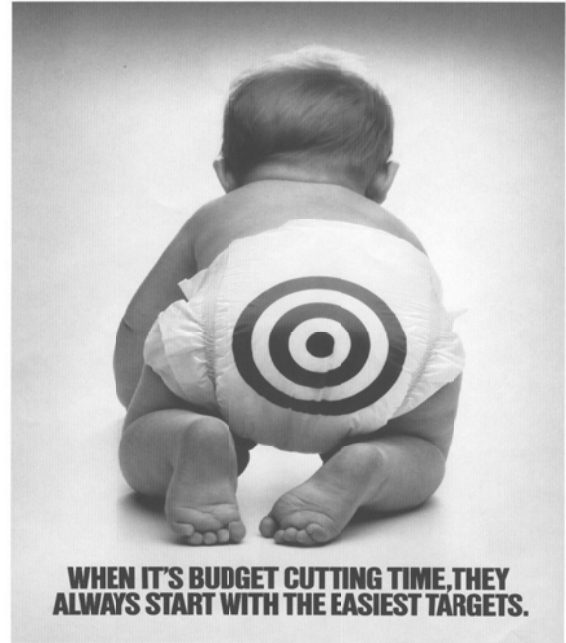
1. Review the entire tax policy of the state before making changes to the current tax structure. Tax cuts should be part of comprehensive tax reform, and should insure that adequate revenue remains for needed services.
2. Target tax cuts towards low income families to reduce poverty. This will improve the quality of life for all New Mexicans, reduce the costs of future state spending, and make New Mexico more attractive for business. Expanding the state's Low Income Comprehensive Tax Rebate (LICTR) is more cost effective than eliminating the gross receipts tax on food, and will lift children out of poverty.

## Children's Health

Comprehensive health insurance is critical to good health outcomes for kids. Children who lack health insurance often do not receive healthcare until they are acutely ill. Many of the ailments for which uninsured children are ultimately hospitalized could have been remedied at minimal cost had they been caught early in the course of regular preventative healthcare. Regular well child visits to a pediatrician for immunizations, physical exams, and screenings for common childhood maladies such as vision and hearing impairments, iron deficiencies, obesity, and lead exposure not only prevent disease, they help to ensure a child's success in school, at home, in the community, and as an adult.

Children who lack health insurance are far less likely than insured children to receive preventive health care. Current census estimates are that there are 127,000 uninsured children in New Mexico, the highest rate of uninsured children in the nation. Of these, 88,000 are in poor or near-poor households, and are eligible for publicly subsidized children's health insurance through the state's Medicaid program.

There have been proposals to reduce Medicaid spending by reducing eligibility for the program or the benefits provided. Not only would these reductions hurt children, but they don't make good economic sense. For every state dollar spent on children's health insurance, the federal government provides \$3-\$4 in matching funds.



Children can't stand up for themselves. Which makes them an easy mark for politicians when they're cutting back. Give children a voice. Yours. Kids can't vote, but you can. **THE CHILDREN'S DEFENSE FUND**

Children with special health care needs are especially vulnerable and the Medicaid waiver programs for Developmentally Disabled and for Medically Fragile children are a critical component of our safety net.

This session, we'll oppose reductions to Medicaid, and ask legislators to:

1. Look for other revenue sources to supplement the Medicaid budget (for example, increase cigarette taxes or use part of the state's tobacco settlement funds) and develop a long term plan to reduce health care costs.
2. Maintain eligibility and benefits for children. Reducing eligibility will only cause more children to be uninsured, and increase health costs when those children receive emergency rather than preventative care. The benefits in the Medicaid package, such as vision, dental care and transportation, are essential for low income children.
3. Reinstate Medicaid payments for those children on the Waiver programs who have dual coverage with private insurance. Provide coverage for behavioral health prescription drugs for children with special health care needs.

## Early Childhood Care and Education

One of the most important investments New Mexico can make is to support high quality child care for poor children. Children denied access to high quality child care are more likely than children who receive quality care to be held back a grade, placed in special education, or to drop out of school. Conversely, children who receive quality child care demonstrate greater mathematical abilities, greater thinking and attention skills, and fewer behavioral problems. If we want children to succeed in school, and become productive citizens, we must start with early care and education.

The greatest barrier to quality care for low income families is cost. In 2000, full-time, center-based child care for one infant averaged \$470 per month in the greater Albuquerque area. The federal government provides money to states to subsidize child care for low income families. In fiscal year 2001, New Mexico received \$36.7 million under the federal Child Care and Development Block Grant (CCDBG). The state contributed another \$6.2 million which is the minimum contribution to drawdown the federal dollars. With this total of \$42.9 million, the state provided partial child care assistance for about 20,000 children per month, which is roughly 25% of the children who are in income eligible households and need child care assistance. (Children, Youth and Families Department utilizes a sliding scale co-payment schedule for families. A family of three with an annual income of \$22,000 per year that receives child care assistance still pays \$111 a month for their child care).

Child care for children with special health care needs is more expensive than regular child care and the state provides no differential assistance for these children, even though provision of quality child care in the early years can reduce the needs (and thus the cost of care) for children with special health care needs later in life. Not surprisingly, there are few child care centers in New Mexico who are willing and able to provide this care.

In August, 2001, CYFD reduced the eligibility threshold for low income families to receive state child care assistance from 200% of federal poverty level to 100% FPL. That policy change means that New Mexico has the nation's lowest eligibility threshold for child care assistance. New Mexico families above 100% of FPL (\$18,100 for a family of four in 2002) are no longer technically eligible for assistance, even though they cannot afford to pay the cost of quality child care.

New Mexico Voices recommends:

1. Re-instatement of the 200% FPL income eligibility level for New Mexico families, and maintain a waiting list when demand exceeds the number of available slots.
2. Increasing state dollars for child care assistance and providing increased funding to improve the quality of early care and education.

## Unemployment Insurance Reform

New Mexico has the nation's most solvent Unemployment Insurance (UI) Trust Fund at about \$600 M. Improving UI puts money into the hands of families who need it and who will immediately spend it on goods and services. UI is well known to be the most powerful economic stimulus during recessionary times. For every dollar paid out in UI benefits, the economy sees \$2.15 in Gross Domestic Product. Congress passed UI legislation last year that gave New Mexico an additional \$39,000,000 in its trust fund, but we failed to improve either eligibility or benefits, and so we saw little of the economic boost that Congress intended.

Eligibility for UI is so restrictive that over 70% of unemployed workers are not even eligible to receive benefits. Benefit payments in New Mexico are the fifth lowest in the nation, 30% below the federal poverty level for a family of three.

Reforming UI eligibility and benefits will not increase employee taxes, but it will stimulate the economy and help New Mexico's families and children.

Recommendations for UI reform:

1. Provide a "dependent allowance" of \$15 per dependent per week to help those families with children.
2. Raise the benefit amount by a significant percentage.
3. Extend UI benefits to workers seeking part time work. This will especially help many low income families and women who are often the part time workers.
4. Use the most recent quarter of work in determining work history. This will especially help workers new to the workforce, recent graduates and seasonal workers.
5. Provide UI benefits for workers who "voluntarily" leave their jobs for "compelling domestic circumstances" such as domestic violence, child care or dependent care conflicts. These reforms would also especially help women. Employers would be held harmless from any impact on their experience rating for workers who voluntarily leave work due to compelling domestic circumstances.



## Other Legislative Issues

Other issues that will be monitored by New Mexico Voices include:

Child Welfare/Child Abuse & Neglect  
Violence  
Hunger and Food Insecurity

Information regarding these issues and New Mexico Voices' recommendations can be found on our website at [www.nmvoices.org](http://www.nmvoices.org).



## BE A VOICE!

Speaking out for New Mexico's children, by investing in our youth and the hard-working families who love them.

[www.nmvoices.org](http://www.nmvoices.org)



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