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# Viewpoint Viewpoint

## No Sacred Cows: A Call for Performance Accountability

### NM Voices' Publications:

- Personal Income Tax Cuts ≠ Economic Growth
- Who's Minding the Store? New Mexico's Income Tax Cut: Poor Performance, Wrong Choice
- Kids Count Data Book 2004
- The Condition of African American Children in New Mexico
- Social Security: What it Means to New Mexico
- Minority/Majority: A Profile of New Mexico's Children 2003 (A Kids Count Special Report)
- The Bare Bones Budget Report
- The Economic Impact of Increasing Food Stamp Utilization

### *Policy Brief Series*

- For a full listing of our Policy Briefs, please go to our website at [www.nmvoices.org](http://www.nmvoices.org)

A complimentary copy of all reports and policy briefs is available to all NMVC supporters. If you are not a donor, please use the enclosed envelope to make a contribution today!



When we look at the state budget we see a moral document. Essentially, a set of decisions that tell us what our collective priorities are, and are not. A state budget reflects the public investment that we, as citizens, have agreed that our tax dollars will support. It should, therefore, reinforce and strengthen our social structure. At its core, our state budget should prioritize investing in the most fundamental infrastructure needed for healthy families and a better future for our children. Research tells us that's the same infrastructure we need for a healthy economy. Good education. Healthcare. Quality child care.

A recent letter to the editor in the Albuquerque Journal accused New Mexico Voices for Children of having a 'spend, spend, spend' agenda – as if we valued spending for its own sake. This writer advocated tax cuts *and* spending cuts. As if tax cuts are unquestionably valuable regardless of who gains and who loses. As if spending is bad even when it's an investment in our children.

Carla is three years old and both of her parents work full-time. They both graduated from high school.

They each earn \$6 per hour (85 cents above the hourly minimum wage), and neither has health insurance through their employer. Their annual family income is just under \$25,000 per year. A basic, no-frills family budget for a family of three in Albuquerque is about \$29,000<sup>1</sup>.

Like 65% of children in low-income families across New Mexico,

Carla and her parents are poor, despite full-time work. Her mother would like to go to college someday, but saving for education is impossible. The family budget

doesn't allow for such luxuries.

They can't even afford the full cost of the local pre-school and, with their income, they are not eligible for a child care subsidy because they earn too much. They are eligible for Medicaid, which provides health insurance for Carla, but not her parents.<sup>2</sup>

When we advocate for an adequate investment in education or healthcare we are thinking of Carla, her parents and all of New Mexico's hard working families who, despite work, remain poor. And, we're thinking of the future of the state

**New Mexico Voices for Children believes that a state budget is a moral document reflecting our commitment to our citizens and society.**

*(Continued on page 2)*

and the next generation of citizens. Better education, and better educational outcomes mean greater earning power. In New Mexico, the picture is clear: earning power rises dramatically with educational attainment. Those with less than a high school diploma earn \$12,200 annually. Those with a high school diploma earn \$20,800. Even a little college helped to boost earnings to \$24,500, while a bachelor's degree meant \$48,200 in earnings -- more than 132% of the income earned by high school graduates.<sup>3</sup>

**A little education can go a long way to provide huge private and public economic benefits.**

But beyond the personal gains that a higher education promises, there are public gains that benefit us all: the ability to hold a job, which increases productivity; a higher tax base; and increased demand for goods and services. In other words, real economic development.

With a moral budget comes accountability. If the budget reflects the public investment, then the return on investment should be crystal clear. We expect that spending on education should show some returns to all of us -- like greater educational attainment. New Mexico isn't seeing those returns when 17% of the population age 25 and older in 2004 had less than a high school diploma, tying New Mexico for 42nd (with Tennessee) among the 50 states and District of Columbia.<sup>4</sup> We need adequate spending on education. Our state government should assess the problems with educational attainment, and make the most effective investment.

And, that same scrutiny should be applied to all budget decisions, including tax cuts, which are just another way to spend money.

If we're told that personal income tax cuts for the wealthiest among us will create jobs, we should be able to see how many jobs are actually created, where, and how much they pay -- and compare that 'benefit'

to the cost of the tax cut. Taking \$360 million out of the state budget in a tax cut, as is happening with the personal income tax cut, is a lot of spending. What are we getting for that money?

The truth is, we have no idea. We are told that when taxes are cut, the money "trickles down". We get more jobs. And we're all better off. We think it's a pretty flimsy theory but we're willing to put it to the test. There should be performance measures, tracking, and regular reporting on the impact of tax cuts, just as there should be for the state's spending in other areas. Tax cuts should not be a sacred cow. The same scrutiny applied to the education budget should be applied to the tax cut 'budget'.

**State spending in every form -- for education or for tax cuts -- must be accountable. We have a right to see the returns on our public investments.**

Is it too much to expect of the state to report -- in language that any citizen can understand -- how much money is pulled off the table each year through tax cuts and incentives, and whether that money really did fire up the economic engine that creates jobs in New Mexico? Because what we stand for is not just spending, but spending that shows tangible results. We want accountability for our tax dollars. We want good jobs. A better economy. A future for Carla and all our children.

<sup>1</sup> See our website [www.nmvoices.org](http://www.nmvoices.org) for the 2003 Bare Bones Budget for 52 communities in New Mexico. See the Economic Policy Institute website [www.epi.org](http://www.epi.org) for an updated basic family budget for Albuquerque.

<sup>2</sup> Carla's parents might be eligible for health insurance under a new plan, called the State Coverage Initiative. The cost would be \$150 per month for both of them, a severe strain on their budget.

<sup>3</sup>The Investment Payoff: A 50 State Analysis of the Public and Private Benefits of Higher Education, Institute for Higher Education Policy, February, 2005.

<sup>4</sup> Ibid.

### Become a Supporter

Add your voice to ours. Join New Mexico Voices for Children to address the urgent needs of New Mexico's children. Please make a contribution and return the enclosed form today. For more information, call Felicia Griffin, Director of Development at 505-244-9505 extension 21.

## Regional and National Collaborations

In addition to our work in communities and on state policy, New Mexico Voices for Children also works collaboratively at the regional and national levels. ***Sin Fronteras*** is a regional collaborative supported by the Marguerite Casey Foundation that we participate in with seven other organizations – all working on health and immigrant issues - in the west and southwest as part of a peer-to-peer learning community. For more information on Sin Fronteras, go to our website at [www.nmvoices.org](http://www.nmvoices.org).

In the spring and early summer we co-released two papers: *Faulty Foundations: State Structural Budget Problems and How To Fix Them* ([www.cbpp.org/5-17-05sfp.pdf](http://www.cbpp.org/5-17-05sfp.pdf)) with the Center on Budget and Policy Priorities; and *Grading Places – What Do The Business Climate Rankings Really Tell Us?* ([www.epi.org/content.cfm/books\\_grading\\_places](http://www.epi.org/content.cfm/books_grading_places)).



### KIDS COUNT Coming Soon ...

We will co-release the annual National KIDS COUNT Data Book with the Annie E. Casey Foundation on July 27<sup>th</sup>. The National KIDS COUNT Data Book is available free of charge. Please contact our office at 505-244-9505 ext. 10 to order a copy. The New Mexico KIDS COUNT data book will be available in November.



All nominees of the 2005 Amy Biehl Youth Spirit Award received a certificate and star in honor of their community service.

### Amy Biehl Youth Spirit Award

A total of 43 youth between the ages of 13 and 26 years were nominated and recognized for their public service and community spirit at this year's Amy Biehl Youth Spirit Award. Kara Deyhle, this year's winner, is a 22-year-old community activist from Albuquerque who is currently living in Chiapas, Mexico and working with local organizations on sustainable community development.

In addition to the winner, three youth were honored for their community work: Glorietta Hannaweeke of Zuni; Nicola Ulibarri of El Prado; and Jessica Savage of Albuquerque.

This award honors Amy Biehl, a 26 year-old human rights activist killed in 1993 in an act of political violence while working in South Africa. Linda Biehl, Amy's mother, was this year's keynote speaker, with over 450 in attendance. Thank you to all who supported this event.



Linda Biehl with the 2005 Amy Biehl Youth Spirit Award nominees

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**Newsletter**



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