



## PRESS RELEASE

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### **JOB GROWTH IN NEW MEXICO MODEST: STILL NO SIGN OF ECONOMIC STIMULUS FROM TAX CUTS**

July employment data released yesterday by the New Mexico Department of Labor shows that New Mexico has experienced modest, but steady job growth since the official "end" of the recession in November, 2001. While the total number of jobs has increased during this period, sectors that traditionally support somewhat higher wage jobs, such as manufacturing and information services, have laid off thousands of workers. The impact of large job losses in manufacturing and information has been blunted, somewhat, by rapid employment growth in tribal gaming, home healthcare, and private child care.

#### **Job Decline in Manufacturing, Telecommunications Suggests Failure of Tax Cuts as Job Creation Strategy**

The decline of information and manufacturing employment, and concurrent rise in education and healthcare jobs, suggest a flaw in New Mexico's economic development strategy – particularly the failure of both federal and state income tax cuts to stimulate job growth.

"The tax cuts were supposed to stimulate job creation in the private sector, but most of the job growth is actually being driven by spending on the programs that are threatened because the tax cuts cost so much money. From the perspective of job growth, the tax cuts were actually counterproductive" says Kelly O'Donnell, economist and Director of Research for New Mexico Voices for Children.

#### **Job Growth Stimulated by Public Investments in Health and Child Care**

The majority of New Mexico's new private sector jobs are being paid for with public funds. State spending on programs such as Medicaid and child care assistance has produced most of New Mexico's private sector job growth since 2001.

According to the Labor Department, the number of home healthcare jobs in New Mexico has increased three fold since 2000. Growth in home healthcare is a direct result of increased Medicaid funding for in-home care for individuals who would otherwise be in nursing homes. State funded child care assistance for children of low income workers supports many of the new child care jobs. New Mexico provides child care subsidies for over 20,000 New Mexico children whose parents work but can't afford the high cost of child care.

"Without the child care assistance program there would be fewer child care options for working parents and far fewer child care jobs. Our state employment numbers wouldn't look nearly as good," says O'Donnell. She continued: "If New Mexico really wants to foster job growth, we need to acknowledge that our investments in social programs like Medicaid and child care assistance pay off for families *and* the overall economy. We should devote more resources to foster those sectors that are actually growing jobs and stop throwing our scarce economic development dollars at companies like MCI and Philips Semiconductor that, sooner or later, pack up and leave," says O'Donnell.

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