



PRESS RELEASE

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CONTACT: Gerry Bradley, Research Director, New Mexico Voices for Children
505-244-9505 ext. 23 (p), 505-264-0074 (c), gbradley@nmvoices.org

OR: Sharon Kayne, Communications Director, New Mexico Voices for Children
505-244-9505 ext. 30 (p), 505-401-8709 (c), 505-244-9509 (f), skayne@nmvoices.org

Report: Federal Stimulus Having Positive Impact on State Economy

ALBUQUERQUE—The American Recovery and Reinvestment Act of 2009 (ARRA) has already had a positive impact on New Mexico's economy, according to a report released today by New Mexico Voices for Children. Aside from filling much of the state's budget gap this past spring, which prevented deep spending cuts and job losses, the ARRA funding has begun returning what will total more than \$1 billion in tax credits to working families and is on track to create or save as many as 10,000 jobs over the next two years.

"In short, things would be much worse if it weren't for the stimulus funds," said economist Gerry Bradley, Research Director for NM Voices and the report's author. "The ARRA actually allowed for small income growth in New Mexico over the first quarter on 2009, which kept the state's economy from contracting," he added.

The \$1.137 billion in tax credits, which started showing up in New Mexicans' paychecks as early as March, represent the largest spending category of the state's \$3.381 billion in stimulus funds. Medicaid, public health, and K-12 education are the next largest categories of spending. New Mexico has \$573.6 million to spend over the next three years on Medicaid and public health, and \$556.1 million in primary education.

"There is this misperception that the stimulus was intended for roads and bridges, but that will comprise just a small percentage of the whole package," Bradley said. "What is far more beneficial to the economy is the spending in programs like Medicaid and K-12 education. That saves jobs and keeps money circulating in the local economy. Keeping people employed is a crucial first step in an economic recovery. New jobs will be created, but that takes much longer, so it's one of the last things to happen."

The report, a product of the child advocacy agency's Fiscal Policy Project, is attached separately as a pdf and is available online at: www.nmvoices.org

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2340 Alamo SE, Suite 120, Albuquerque, NM 87106-3523; 505-244-9505 (p); www.nmvoices.org