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# GOVERNOR RICHARDSON'S POVERTY REDUCTION TASK FORCE

## Final Report

September 5, 2008





## GOVERNOR'S POVERTY REDUCTION TASKFORCE

September 5, 2008

The Honorable Bill Richardson  
Governor  
State of New Mexico  
State Capitol, Room 400  
Santa Fe, New Mexico 87501

Dear Governor Richardson:

By Executive Order 2008-025 of May 28, 2008, you established the Governor's Task Force on Poverty Reduction. The Task Force was directed to develop specific recommendations for initiatives to reduce poverty and income inequality in New Mexico, and to present these recommendations to you for consideration no later than September 5, 2008.

On behalf of the Task Force, we are pleased to submit to you the Final Report of the Governor's Task Force on Poverty Reduction. The report details a series of scalable options related to outreach and access, financial security, housing, higher education, employment and training opportunities, and food security. We believe that adoption of a combination of these options will provide significant progress in reducing poverty and income inequality in New Mexico.

To develop these options, the Task Force drew on the options developed at the Governor's May 9, 2008 Roundtable on Poverty, recommendations of various organizations addressing poverty reduction nationally and in other states, the needs and recommendations of New Mexicans who are living in poverty, the deep and varied experience of Task Force members on all aspects of poverty in New Mexico and existing programs to address poverty, and the testimony of state and national poverty experts on various dimensions of poverty, including best practices around the Nation. The Task Force held a total of seven meetings at various locations around the State. All of the meetings were open to the public and all meetings provided scheduled time for public input, especially from New Mexicans living in poverty.

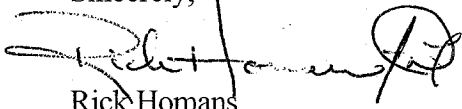
We are honored by the opportunity you afforded us to work alongside the highly distinguished individuals you named as members of the Task Force. This Final Report reflects their

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intelligence, vast experience, hard work, and above all their dedication to the shared goal of reducing poverty and income inequality in New Mexico.

Sincerely,



Rick Homans  
Cabinet Secretary  
Taxation and Revenue Department



Susan Tiano  
Professor of Sociology and Interim Director  
Latin American and Iberian Institute,  
University of New Mexico

Enclosure

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## EXECUTIVE SUMMARY

New Mexico's poverty wears many faces and takes many forms. The more dramatic image of the down-and-out, homeless panhandler may distract us from the all-too-common experiences of the single mother who must turn to church food pantries to supplement her minimum-wage income, or the elderly couple who risk illness each winter because they cannot afford the rising cost of heating fuel on their fixed retirement income.

In New Mexico, and elsewhere, poverty reflects a diverse set of factors that limit economic opportunity and resource access. It varies over the life cycle, with children and the elderly being the most vulnerable. It is worse for women due to the persistent gender gap in pay equity; it is more common among African Americans, Native Americans, Hispanics, and other minority groups; and it concentrates in rural areas where job opportunities often lag behind those available in cities. Much of New Mexico's poverty is persistent and inter-generational, leading the state to have one of the highest rates of poverty in the nation currently and historically. Three hundred and fifty four thousand New Mexicans live in poverty. More than half of the state's children live in low-income families who struggle to meet their most basic needs for food, shelter, transportation, healthcare, and other necessities. While Governor Richardson's commitment to poverty reduction and creating opportunity has helped New Mexican families weather the economic downturns that have impacted much of the rest of the nation, further efforts are needed help vulnerable communities in the state.

Governor Richardson has made tremendous efforts to reduce poverty since the beginning of his administration in 2003. He expanded eligibility for the Child Care Subsidy Program, increased food stamp participation, acted to obtain \$23.0 million more for the state's Low Income Energy Assistance (LIHEAP) program, increased child support collections by 20 percent, and established the state's Working Families Tax Credit. Recently, the Governor announced a new pay equity initiative and that he will propose to double New Mexico's child day care credit which will benefit 12,320 working families.

In May of 2008, Governor Richardson established the Poverty Reduction Task Force to provide recommendations to reduce poverty and income inequality. The Task Force considered expert testimony, held public hearings and reviewed national research on poverty reduction. The Poverty Reduction Task Force offers a varied set of recommendations. Some of them focus on outreach and access; others address people's immediate and basic needs for housing and food, while others are intended to have more long-range impacts for building assets.

The Task Force was told that many low-income families face challenges in accessing available services. As a result, the recommendations include suggestions for doing things differently in existing programs – to focus on providing education and outreach where the people are, to use trusted community organizations, and to use culturally appropriate approaches – and for more community-based outreach efforts.

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Housing affordability and hunger are critical issues associated with poverty. In New Mexico, 31 percent of mortgaged homeowners and 48 percent of renters pay more than 30 percent of household income for housing costs. Escalating housing expenditures have caused many households to reduce their allowable expenditures for even basic necessities such as food, clothing, health care, child care and education. The Task Force recommends continuing the effective housing assistance that has been achieved through the Governor Richardson's Housing Trust Fund and building on existing pilot programs that provide rental vouchers and support in finding, securing, and remaining in affordable housing. The Task Force also recommends increasing the capacity of non-profit and private developers to participate in affordable housing projects.

As a direct result of its high poverty rate, New Mexico has one of the highest rates of hunger in the country. One out of six people finds it impossible to put food on the family table consistently. One out of four children is growing up in a home where there sometimes is not enough to eat. In New Mexico, the lack of food is not a problem; it is getting the food to all who need it that is the problem for so many New Mexicans. Consequently, the Task Force recommendations focus on increasing access to existing programs and access to locally grown, fresh foods. Specifically, the recommendations include increasing participation in the Supplemental Nutrition Assistance Program (formerly the Food Stamp program) from 69 percent to 80 percent, expanding the Farmer's Market Nutrition, and Farm to School programs, and encouraging the private sector to develop grocery stores in low-income communities. The Task Force is also recommending a capital investment in a central warehouse to expand the amount of food distributed to food banks throughout the state.

In addition to securing families immediate and basic needs, The Task Force recognized that improving financial security is the most direct way to protect families from falling into poverty and that higher education is the best and most reliable route for an individual to move out of poverty. In addition to supporting the Governor's efforts to expand the Working Families Tax Credit, expand the Child Day Care Tax Credit, and improve pay equity, the Task Force recommends that the minimum wage be indexed, and an advisory body be formed to examine the current exemptions to the state's minimum wage. The Task Force recommendations also include expansions of work study, need-based scholarships, and Adult Basic Education programs, as well as new programs to attract youth into apprenticeship programs and provide scholarships for service.

The Final Report of the Poverty Reduction Task Force provides justification, cost estimates, implementation issues, responsible entities, estimates of numbers served and timelines for each recommendation. However, the Task Force also identified that the challenges of reducing poverty and income inequality will require more than legislation and increased funding. It will require effective outreach to and utilization of the resources in the local community – to schools, businesses, non-profits, Tribal governments and other Tribal organizations, and churches and

other faith-based organizations. We cannot wait for people to come to us for services; we must reach out to where they are.

The table below summarizes recommendations from the Poverty Reduction Task Force.

<u>RECOMMENDATION</u>	<u>ESTIMATED ANNUAL COST</u> (in thousands)			
	<u>RECURRING</u>		<u>NON-RECURRING</u>	
	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>
<b><i>Outreach and Access: Reaching Underserved, Rural, Tribal, and Minority Communities</i></b>				
<b>Public-Private Partnerships.</b> Require organizations signing a state contract to provide services to low-income families and to propose, as part of the contract, a plan for how the organization will do outreach.	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
<b>Outreach in or Near Low-Income Communities.</b> Allocate up to 20 percent of an Income Support Division (ISD) worker's time, who is located near low-income communities for direct outreach and enrollment assistance.	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
<b>Community-Based Outreach Efforts.</b> Establish a Project Outreach Fund for non-profit, Tribal, and community organizations to implement community-based outreach plans for state and local poverty reduction programs.	\$ 550.0	\$550.0	\$ 0.0	\$ 0.0
<b><i>Financial Security</i></b>				
<b>Index the Minimum Wage.</b> Index the minimum wage to offset the effects of price inflation, allowing low-wage workers to maintain their purchasing power and keep affected demographic groups from falling further below the poverty line.	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
<b>Review Exemptions.</b> Exemptions should be reviewed for low-wage workers that are exempt from minimum-wage increases.	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
<b>Refund Anticipation Loan Disclosures (RAL) and Licensing of Facilitators.</b> Require disclosure and registration of RAL facilitators with the Regulation and Licensing Department to protect low-income taxpayers and regulate facilitators.	\$ 100.0	\$ 100.0	\$ 0.0	\$ 0.0
<b>Expand the Individual Development Account (IDA) Program and Encourage Individuals to Deposit Earned Income Tax Credit (EITC) Refunds into an IDA.</b> Expand the IDA program to provide more eligible families with matched savings for educational expenses, home ownership, or business start up.	\$ 250.0	\$ 500.0	\$ 0.0	\$ 0.0



<u>RECOMMENDATION</u>	<u>ESTIMATED ANNUAL COST</u> (in thousands)			
	<u>RECURRING</u>		<u>NON-RECURRING</u>	
	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>
<b><i>Housing: Creating and Supporting Decent, Safe and Affordable Housing for Persons in New Mexico with Low and Very Low Incomes</i></b>				
<b>Increase Balance of Affordable Housing Trust Fund.</b> Expand provision of low-income housing assistance through the Affordable Housing Trust Fund to provide low-income housing.	\$ 0.0	\$ 0.0	\$ 5,000.0	\$15,000.0
<b>Expand Rental Assistance for Low-Income Youths and Adults.</b> Increase funding for bridge rental assistance. Bridge rental assistance provides financial assistance for moving into a home, first and last months' rent, security deposits, short-term rental assistance or other costs to help low-income people find, stay in, or transition to low-income housing.	\$ 1,640.0	\$ 2,210.0	\$ 0.0	\$ 0.0
<b>Low-Income Housing Development.</b> Support low-income housing development through project-based operating assistance (PBOA) to keep the operating costs of housing units low, so rent can be kept low. Additional funding would supplement the difference between the low-income tenant's portion and the fair market rent.	\$ 900.0	\$ 2,000.0	\$ 0.0	\$ 0.0
<b><i>Higher Education: Work to Increase Educational Attainment among Low-Income New Mexicans</i></b>				
<b>Commit State to Low Tuition Policy.</b> Keep annual tuition increases for New Mexico's public colleges and universities below 5 percent by eliminating the tuition credit frequently assumed as part of the budget process and by funding key inflationary factors (utilities, health insurance, risk management, also known as "the cost of opening the doors") for the institutions.	\$ 7,500.0	\$ 7,500.0	\$ 0.0	\$ 0.0
<b>Increase Funding for Work Study.</b> Expand the state's work-study program and build in focused programs for service learning and undergraduate research.	\$ 3,300.0	\$ 3,300.0	\$ 0.0	\$ 0.0
<b>Increase Allocation for Need-Based Scholarships.</b> Change the 3 percent scholarships funded by the state to make them 100 percent need-based.	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0

<u>RECOMMENDATION</u>	<u>ESTIMATED ANNUAL COST</u> (in thousands)			
	<u>RECURRING</u>		<u>NON-RECURRING</u>	
	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>
<b>Increase the College Affordability Endowment.</b> Nearly \$100 million was appropriated in 2006 and 2007 for the College Affordability Endowment, and in time this amount will provide \$5 million in College Affordability Scholarships, funding 2,500 scholarships. The original intent was to endow this at \$250 million across time, and adding funds from non-recurring sources to move in this direction would enable proportionate increases in the number of awards.	\$ 0.0	\$ 0.0	\$15,000.0	\$30,000.0
<b>Service for Scholarships.</b> Make higher education more affordable by allowing loan forgiveness for two years of college tuition and fees at a public university or Tribal college in exchange for one year of public service in New Mexico.	\$ 3,150.0	\$ 3,150.0	\$ 0.0	\$ 0.0
<b><i>Training and Employment Opportunities</i></b>				
<b>Expand Training Opportunities by Utilizing Alternative Modes of Delivery: Pre-Apprenticeships/Apprenticeship Programs.</b> Establish a pre-apprenticeship program to enable high school students to receive on-the-job training and related instruction through a partnership with an industry representative.	\$ 1,000.0	\$ 2,000.0	\$ 0.0	\$ 0.0
<b>Work Opportunity Tax Credit (WOTC).</b> Create a state tax credit similar to the federal WOTC to encourage employers to hire workers from targeted groups that often have difficulty finding meaningful employment.	\$ 210.0	\$ 525.0	\$ 0.0	\$ 0.0
<b>Expand the Adult Basic Education (ABE) Program.</b> Offer ABE to 400,000 adults to enable them to earn their General Educational Development (GED) that would open employment opportunities.	\$ 2,000.0	\$ 8,500.0	\$ 0.0	\$ 0.0
<b><i>Food Security: Work to Reduce Hunger and Food Insecurity in New Mexico</i></b>				
<b>Increase Participation in Federal Supplemental Nutrition Assistance (SNAP) to 80 Percent of all Eligible Individuals Participating.</b> SNAP, New Mexico's food stamp program, provides cash to low-income individuals and families for the purchase of food.	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0

<u>RECOMMENDATION</u>	<u>ESTIMATED ANNUAL COST</u> (in thousands)			
	<u>RECURRING</u>		<u>NON-RECURRING</u>	
	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>
<b>Expand Farmers Market Nutrition Program.</b> Increasing the number of farmers' markets around the state and encouraging the allowance of SNAP participants to use Electronic Benefit Transfer (EBT) cards at farmers' markets would help generate health and wealth by expanding food budgets among low-income individuals and by increasing business for rural farmers.	\$ 175.0	\$ 175.0	\$ 0.0	\$ 0.0
<b>Seed Money to Promote Community Gardens.</b> Assist non-profit community service organizations in improving their neighborhoods through community gardens by working with people to foster self-sufficiency through the rewards of gardening, helping families cut their living costs by growing food locally and transforming vacant lots into productive neighborhood garden spaces.	\$ 0.0	\$ 0.0	\$ 60.0	\$ 100.0
<b>Expand Food Warehouse.</b> Facilitate the distribution of food to food banks across the state by expanding the storage capacity at the central food bank warehouse facility in Albuquerque.	\$ 0.0	\$ 0.0	\$ 5,000.0	\$ 7,500.0
<b>Expanding Grocery Store Presence in Low-Income Communities.</b> Use existing micro-credit, Community Development Loan funds, and other economic development loan funds to develop private-public partnerships that would increase food access in low-food access areas of the state.	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
<b>Expand the Farm to School Program.</b> Encourage more schools to partner with local farmers to provide food for the schools, thereby helping New Mexico's economy and providing nutritious food items to local school districts.	\$ 170.0	\$ 680.0	\$ 0.0	\$ 0.0
	\$20,945.0	\$31,190.0	\$25,060.0	\$52,600.0
<b>Total Low Recurring and Non-recurring</b>	\$46,005.0			
<b>Total High Recurring and Non-recurring</b>	\$83,790.0			

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## INTRODUCTION

In the span of just 14, from 1959 to 1973, poverty in America was cut in half. Since that time little progress has been made to reduce its prevalence in one of the most prosperous nations in the world. Today, poverty is even more prevalent than it was in 1973. Thirty-seven million Americans now live below the federal poverty level (FPL), and millions more struggle every day to meet their most basic needs for food, shelter, transportation, healthcare, and other necessities.

New Mexico's poverty wears many faces and takes many forms. The more dramatic image of the down-and-out, homeless panhandler may distract us from the all-too-common experiences of the single mother who must turn to church food pantries to supplement her minimum-wage income, or the elderly couple who risk illness each winter because they cannot afford the rising cost of heating fuel on their fixed retirement income. In New Mexico and elsewhere poverty reflects a diverse set of factors that limit economic opportunity and resource access. It varies over the life cycle, with children and the elderly being the most vulnerable. It is worse for women due to the persistent gender gap in pay equity; it is more common among African Americans, Native Americans, Hispanics, and other minority groups; and it concentrates in rural areas where job opportunities often lag behind those available in cities. Much of New Mexico's poverty is persistent and inter-generational, leading the state to have one of the highest rates of poverty in the nation currently and historically. While Governor Richardson's commitment to poverty reduction and creating opportunity has helped New Mexican families weather the economic downturns that have impacted much of the rest of the nation, further efforts are needed help vulnerable communities in the state. That is why, under Governor Bill Richardson, New Mexico has turned its attention to its role in, and responsibility for in reducing poverty. In 2003, his first year in office, Governor Richardson called the first-ever Governor's Hunger Summit, leading to the creation of the New Mexico Task Force to End Hunger. During 2003, the Richardson Administration raised eligibility for child care assistance from 100 percent of the FPL to 150 percent of the FPL. Beginning in July 2006, eligibility for child care assistance rose to 155 percent of the FPL (\$25,730 for a family of three). Governor Richardson also increased food stamp participation from 73,540 in January 2003 to 95,931 families in March 2006. Since 2003 nearly, \$100 million additional dollars have come into the state through the food stamp program, which helps improve local community economies, while helping families put nutritious food on their dinner tables.

In an effort to help New Mexico's neediest citizens cope with the higher energy costs during the winter of 2005, Governor Richardson called the Legislature in for a special session and moved to get \$23 million appropriated for the state's Low Income Home Energy Assistance Program (LIHEAP). As of May 12, 2006, over \$27.7 million was distributed to 64,592 families, compared to \$6.3 million to 49,155 families in the prior year.

In FY03, \$70.5 million in child support was collected for 89,336 children of divorced and separated parents. Governor Richardson's efforts helped raise this to \$88.0 million in collected child support for 71,211 children in FY06. By 2008, child support payments increased by over

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30 percent since 2003. Governor Richardson's Fresh Start program is a program designed to encourage child support payments by giving non-custodial parents amnesty forgiveness. Through this program, as of May 2006, \$6.4 million had been forgiven in child support arrearages for 136 non-custodial parents while collecting \$545,194 for 834 children and closing 325 child support enforcement cases.

In 2006, Governor Richardson's administration worked with the Legislature to create "individual development accounts" enabling poor New Mexico families to more easily save and amass assets. At that time, only about one in four poor New Mexico families had any access to the banking system.

Most recently, in May 2008, Governor Richardson created the Poverty Reduction Task Force. He proposed, and the Legislature passed during the recent special session, an increase in the Working Families Tax Credit. All of the more than 200,000 working families currently receiving the Working Families Tax Credit will receive a 25 percent higher credit beginning with tax year 2008. During the special session, the Governor also worked with the Legislature to increase the eligibility for the Child Care Subsidy Program from 165 percent of FPL to 200 percent of FPL. This will expand the program to 2,178 additional low-income families. The Governor also announced a new initiative on pay equity and a legislative proposal for the 2009 legislative session to double the New Mexico child day care credit. The tax credit will benefit a total of 12,320 working families: 8,600 working families who qualify for the credit under current law, plus an additional 3,720 newly eligible working families.

In the past few years, our nation has shown a renewed interest in reducing and even trying to eliminate, poverty. In 2006, Catholic Charities, one of the nation's largest social service providers, issued policy proposals to address poverty in America. In April 2007, the Center for American Progress issued its recommendations, developed by a task force composed of national experts and leaders, for taking national action to cut poverty in half within the next ten years. One year later, the Center for Law and Poverty and Spotlight on Poverty and Opportunity issued a joint report on state Governments' commitment to reduce poverty. Most recently, in June 2008, the National Governor's Association for Best Practices produced an issue brief that recommended strategies for states to reduce poverty.

States have begun to rise to the challenge of taking action to reduce poverty. In 2004, Connecticut became the first state in the nation to set a child poverty reduction target; that state was followed by Delaware, Minnesota, Oregon, Vermont and – just this year – Maine. Minnesota and Washington enacted over-arching poverty legislation in 2006, and five more states – Alabama, Colorado, Delaware, Rhode Island and Vermont – followed suit last year. Officials from both the executive and legislative branches of 10 states came together for three days with the National Governors Association and National Conference of State Legislatures to develop strategies to reduce child and family poverty.

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This year, Iowa legislators approved a statewide summit on poverty, Maine adopted poverty reduction targets, and the Illinois Legislature unanimously approved a proposal to cut extreme poverty in half by 2015 while creating a commission of lawmakers, non-profit advocates, and officials from 14 state agencies to hammer out a strategy. Louisiana set a poverty-reduction target, as well, and Ohio established a task force. Michigan is slated to stage a poverty summit in November. In fact, at least 15 states and the District of Columbia have created bi-partisan commissions within the past five years to narrow the widening gap between the rich and the poor by eliminating barriers — such as lack of education, poor transportation and inadequate child care — that prevent many from finding better jobs and escaping chronic poverty. In addition, the states are working to help disadvantaged children in the hope of breaking the generational cycle of poverty.

There is a tide rising across this country – a tide of compassion and concern that is knocking down barriers to success and lifting the boats of those who for too long have been left to sink or swim on their own. That tide has reached New Mexico. It is time for the Land of Enchantment to become a land of enhanced opportunity.

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## **PURPOSE AND GUIDING PRINCIPLES OF THE POVERTY REDUCTION TASK FORCE**

On May 9, 2008, Governor Richardson brought together a group of community leaders for a Round Table discussion on ideas for reducing poverty and income inequality in New Mexico. Following this Round Table, Governor Richardson appointed the Poverty Reduction Task Force by Executive Order 2008-025 (Appendix A). The purpose of the Task Force was to develop specific recommendations for initiatives to reduce poverty and income inequality in New Mexico, with a focus on short-term as well as long-term, policies. To accomplish these goals the Governor appointed Rick Homans, Cabinet Secretary, Taxation and Revenue Department and Susan Tiano, Professor of Sociology and Interim Director, Latin American and Iberian Institute, University of New Mexico as co-chairs of the Task Force. Another twenty-three individuals were appointed to serve on the Task Force representing a broad range of experience in serving low-income persons, community organization, affordable housing, the needs of minority populations, and women's issues, as well as state economic security, asset building, and education programs.

The Executive Order directed the Task Force to complete its work and submit recommendations to the Governor by September 5, 2008. The Task Force members drew on their own experience with poverty issues and consulted with and considered the testimony of state and national poverty experts. In addition, the Task Force listened to the needs of New Mexicans in poverty. To accomplish its goals, the Task Force held five business meetings across the state in Santa Fe, Albuquerque's South Valley, Farmington, Anthony, and again in Albuquerque. These meetings were advertized as public meetings, local community leaders were invited, and each meeting closed with a public comment segment. The Task Force also held two listening meetings: one in Hobbs on African American poverty issues and one on Native American poverty issues during a meeting of the All Indian Pueblo Council (AIPC) at Laguna Pueblo. In addition, the Task Force accepted and considered written comments from members of the public.

Sources consulted by the Task Force include testimony from New Mexico state agencies, including staff from the Department of Human Services, Department of Higher Education, Department of Workforce Solutions, Department of Taxation and Revenue, the Department of Children Youth and Families, the Department of Indian Affairs, the Office of African American Affairs and others. Expert testimony was provided by: Mark H. Greenberg, Director of the Georgetown University Center on Poverty, Inequality and Public Policy; Senior Fellow and Director of The Poverty and Prosperity Program for the Center for American Progress; Eric Schnurer, founder and president of Public Works; Anne Haines Yatskowitz, President and CEO, Accion; Mark Winne, Author, "Closing the Good Gap: Resetting the Table in the Land of Plenty; Gerry Bradley, Research Director, Voices for Children; and Laura Gomez, Professor Law, University of New Mexico. Sources also include written materials from New Mexico, other states and national organizations such as: *Seizing the Moment*, a joint report from the Center for Law and Social Policy and Spotlight on Poverty; *From Poverty to Prosperity, A National Strategy to Cut Poverty in Half*, a report and recommendations of the Center for

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American Progress Task Force on Poverty; *Poverty in America, A Threat to the Common Good*, a policy paper by Catholic Charities; and *State Strategies to Reduce Child and Family Poverty*, an issue brief from the National Governors Association for Best Practices. Further, Task Force members and staff also consulted with national experts including Mark Greenberg from the Center for Law and Social Policy.

The Task Force researched and considered:

- Strategic initiatives to address hunger, housing and child care needs
- Adequate compensation and a fair minimum wage
- Tax credit changes to encourage work and reward work effort
- More equitable eligibility requirements for unemployment benefits
- Easing access to higher education and promoting degree completion
- Creating better employment opportunities for all New Mexicans.

This report contains the Task Force’s recommendations to the Governor, which include a set of scalable options from which the Governor can prepare a set of specific initiatives.



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## OVERVIEW OF POVERTY IN NEW MEXICO

In recognition of the importance of its charge for the wellbeing of New Mexican communities, the Poverty Reduction Task Force offers a varied set of recommendations. Some of them address people's immediate needs for economic security, while others are intended to have more long-range impacts for building assets. Information about the prevalence, distribution, and characteristics of poverty and income inequality in New Mexico provides a context for understanding how the Task Force arrived at its recommendations.

In New Mexico and nationally, poverty is viewed on a continuum ranging from “low-income” to “severe poverty.” Families are considered to be **low-income** if their overall household income is at or below 200 percent of the FPL. For a family of three, this equals \$35,200 annually or \$2,933 a month. Families with incomes at or below 100 percent of the FPL – \$17,600 annually or \$1,467 monthly for a family of three – are said to be living in **poverty**. **Severe poverty** refers to families with income levels at or below 50 percent of the FPL. For a family of three, this is an annual income of \$8,800 or \$733 monthly. An income of twice the federal poverty level is considered the minimum amount necessary to enable families to meet basic needs for food, shelter, transportation, healthcare, and other necessities.

New Mexico ranks 48<sup>th</sup> among all states in terms of the proportion of its residents who live in *poverty*: 18.5 percent of New Mexicans reside in households with incomes at or below the poverty line. Poverty is particularly pronounced among New Mexico's children, 26 percent of whom are poor. This means that 354,000 New Mexicans, 128,000 of whom are children, live in poverty.

Over half of the state's children – 52 percent live in *low-income* households, a rate exceeded by only one other state in the nation. This means that 262,000 New Mexican children live in families that lack the financial means to meet their children's basic needs. Inadequate nutrition at this critical point in the life cycle, which sets the stage for learning capacity, educational attainment, and occupational success in the years to come, can doom the developing child to a lifetime of poverty and perpetuate the inter-generational cycles that lock families and communities into poverty for subsequent generations.

The scenario is even more discouraging with respect to *severe poverty*, wherein families manage to survive on less than 25 percent of the minimum income necessary to meet basic needs. The proportion of New Mexicans living in severe poverty, 7.8 percent, is exceeded by only two other states. Severe poverty is even higher for the state's children, 11 percent of whom live in households with incomes less than half of the poverty line.

*According to data released by the U.S. Census Bureau in August of 2008, about one in four New Mexico children lived in poverty in 2007.*

Native Americans are another population disproportionately affected by poverty. According to the 2000 Census, American Indians/Alaska Natives make up 10.5 percent of New Mexico's total

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population; however, they make up 18.5 percent of all New Mexicans' living below the federal poverty level. These high levels of poverty on and off the reservation adversely affect the health and well-being of Native American children and adults, resulting in larger health and economic disparities among Native Americans than all other races in the state.

Compounding the insecurities facing many New Mexicans is the lack of health insurance, which both results from, and further contributes to poverty. Recent Census Bureau data shows that in 2007, 21.9 percent<sup>1</sup> of New Mexicans were uninsured, a rate well above the national average of 15.4 percent. Since poverty increases the likelihood of malnutrition, disease, accidents, domestic violence, child maltreatment, and other experiences that contribute to poor health, the uninsured are particularly vulnerable to poverty's negative impacts.

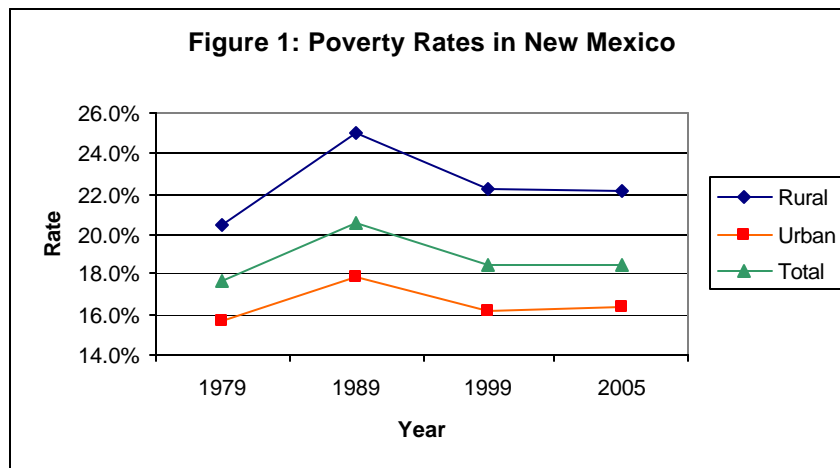
In considering its charge to make recommendations to reduce one of the highest rates of poverty in the nation, the Task Force needed to consider two other aspects of poverty in New Mexico. These include the highly unequal distribution of income in the state, and the persistent pockets of poverty which have remained unaffected by trends that have increased economic well-being in much of the rest of the state.

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<sup>1</sup> Using the standard three-year average from 2005 to 2007

## Geographic Distribution of Poverty

In New Mexico, as in the rest of the United States, poverty is worse in rural areas, particularly if they are far from towns and cities to which people can travel to work, shop, and receive medical care, or for other reasons. As the census data in the following table demonstrate, not only is poverty higher among rural counties, but it has risen faster and declined more slowly in rural than in urban counties.



In New Mexico, as in much of the rest of the nation, the forces that have promoted economic growth in urban areas have often neglected the countryside or have redirected resources to suburban or metropolitan areas. The Economic Research Services (ERS) of the U. S. Department of Agriculture (USDA) considers counties to be in *persistent poverty* if they have had poverty rates of 20 percent or higher in each of the last four censuses (1970 through 2000). There are 386 such counties nationwide, 340 of which are rural. Twelve of these persistent poverty counties are in New Mexico and all but two are rural counties. In order to address persistent rural poverty in the state, the Task Force recommends targeted outreach and community asset building initiatives to help rural communities buck the economic trends that can keep them in poverty.

A second key contributor to poverty and economic inequality in New Mexico is the prevalence of minority (Hispanic, African American, or Native American) populations who historically have been more apt to experience poverty than their non-minority counterparts. In New Mexico and nationally, persistent poverty is especially likely for minority populations living in rural counties. According to the ERS, for the United States as a whole, all three minority groups living in persistent high-poverty rural counties have overall poverty rates ranging between 32 and 40 percent. Virtually all (94 percent) of persistent poverty counties have long-term geographical concentrations either of minority populations, or of Southern Highland (Kentucky, West Virginia, Ozarks) populations.

Of the 12 persistent poverty counties in New Mexico, 10 are either counties in which the Hispanic population accounts for over 50 percent of the total population or those in which Native

Americans account for over 40 percent of the population. While African Americans accounted for a small proportion of the populations of persistent poverty counties, as they do in the rest of the state, their economic vulnerability contributes to the poverty profiles found in those counties. To put these persistent poverty counties in context of trends in the rest of the state, and to show the diversity among various regions in New Mexico, Table 1 compares poverty rates in 2005 with rates in 1990, for all New Mexico counties:

**Table 1: Counties Ranked by 2005 Poverty Rate**

Rank	County	2005	1990	Percent of Change	Rank	County	2005	1990	Percent of Change
1	Socorro	34.0%	29.9%	+4.1%	18	Union	20.3%	21.0%	-0.7%
2	McKinley	33.9%	43.5%	-9.6%	19	Taos	19.8%	27.5%	-7.7%
3	Luna	31.7%	31.5%	+0.2%	20	Grant	19.6%	21.2%	-1.6%
4	San Miguel	28.1%	30.2%	-2.1%	21	Eddy	19.5%	20.4%	-0.9%
5	Hidalgo	26.9%	20.7%	+6.2%	22	Curry	19.5%	19.2%	+0.3%
6	Doña Ana	26.8%	26.5%	+0.3%	23	De Baca	19.1%	21.9%	-2.8%
7	Torrance	25.8%	21.1%	+4.7%	24	San Juan	17.5%	28.3%	-10.8%
8	Sierra	25.3%	19.6%	+5.7%	25	Otero	17.4%	16.7%	+0.7%
9	Roosevelt	24.7%	26.9%	-2.2%	26	Colfax	16.9%	18.6%	-1.7%
10	Guadalupe	24.3%	38.5%	-14.2%	27	Lea	16.8%	22.4%	-5.6%
11	Cibola	24.0%	33.6%	-9.6%	28	Lincoln	16.7%	20.1%	-3.4%
12	Mora	23.0%	36.2%	-13.2%	29	Harding	16.5%	15.3%	+1.2%
13	Catron	22.5%	25.6%	-3.1%	30	Bernalillo	13.8%	14.6%	-0.8%
14	Chaves	22.1%	22.4%	-0.3%	31	Santa Fe	12.8%	13.0%	-0.2%
15	Quay	21.8%	25.1%	-3.3%	32	Sandoval	11.5%	15.6%	-4.1%
16	Rio Arriba	21.1%	27.5%	-6.4%	33	Los Alamos	3.3%	2.4%	+0.9%
17	Valencia	20.8%	19.0%	+1.8%					

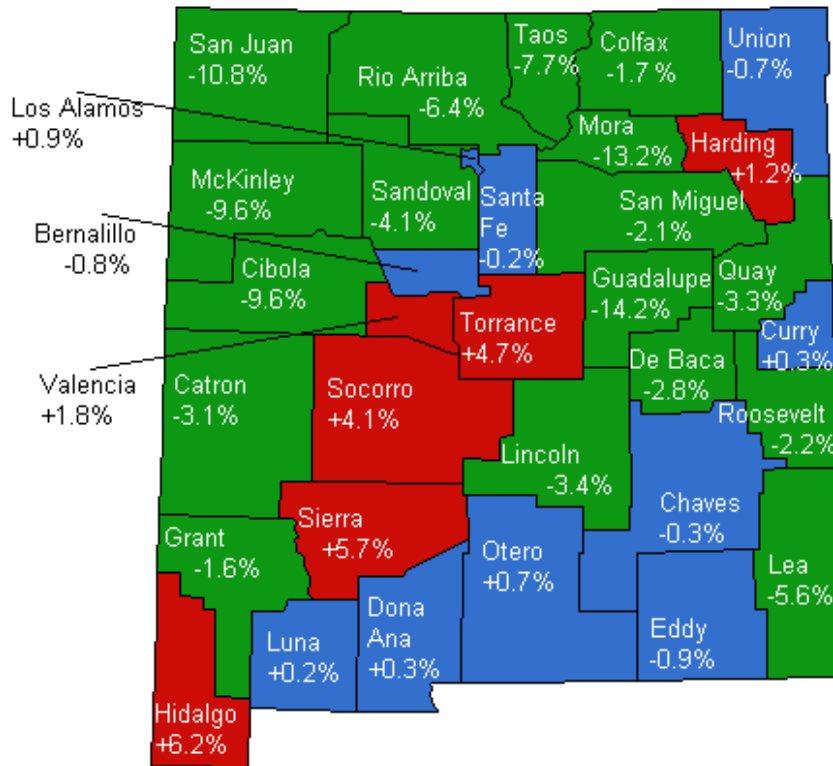
The 15-year period witnessed declines in poverty in over half the state's counties (17), while poverty rates stayed level in many of the rest (10). In only six counties have poverty rates increased since 1990.

As the following map demonstrates, the counties that experienced poverty increases are generally in the southeastern or south central part of the state, although one, Harding, was in the state's northeastern sector. Poverty declined in most of the northern and eastern counties, while many of the counties where poverty rates were stable were on the state's southern perimeter.

The counties that showed the largest declines are Guadalupe, Mora, San Juan, McKinley, Cibola, Taos, and Rio Arriba. All of them are persistent poverty counties, suggesting that their gains in

poverty reduction during the period where insufficient to enable them to escape from the chronic poverty that has haunted them for the past four decades.

**Figure 2: Changes in Poverty Rates by County, 1990-2005**



**Green** = Poverty decreased one or more percent in 17 counties

**Blue** = No significant change (less than a one percent change) in 10 counties

**Red** = Poverty increased one or more percent in 6 counties

In Table 2 , the 12 New Mexico counties which have been in persistent poverty from 1970 to 2000 are compared in terms of their poverty trends between 1990 and 2005; whether they are urban, rural, or adjacent to an urban center; and whether Hispanics or Native Americans constitute substantial proportions of their populations.

**Table 2: Change in Poverty Rates in Persistent Poverty Counties, by Ethnicity and Rural-Urban Composition**

<b>County</b>	<b>2005 Poverty Rate</b>	<b>Percent increase or decrease from 1990</b>	<b>Primarily Hispanic or Native American population</b>	<b>Urban, Adjacent, or Rural</b>
Cibola	24.0%	-9.6%	Native American	Adjacent
Doña Ana	26.8%	+0.3%	Hispanic	Urban
Guadalupe	24.3%	-14.2%	Hispanic	Rural
Luna	31.7%	+0.2%	Hispanic	Adjacent
McKinley	33.9%	-9.6%	Native American	Adjacent
Mora	23.0%	-13.2%	Hispanic	Rural
Rio Arriba	21.1%	-6.4%	Hispanic	Adjacent
Roosevelt	24.7%	-2.2%	-----	Adjacent
San Juan	17.5%	-10.8%	Native American	Urban
San Miguel	28.1%	-2.1%	Hispanic	Adjacent
Socorro	34.0%	+4.1%	-----	Rural
Taos	19.8%	-7.7%	Hispanic	Adjacent

Clearly, New Mexico's persistent poverty counties have made considerable progress since 1990: poverty rates declined in almost all of them, with the exception of Socorro, where poverty increased, and Doña Ana and Luna, where it stayed the same.

In two counties, San Juan and Taos, poverty rates dropped enough to bring them below the 20 percent threshold by 2005. Should their poverty rates hold steady or decline further in the coming years, they will likely be the first of this group of New Mexico counties to shed the persistent poverty designation.

**Table 3: Counties with Worsening Poverty Rates, 1990-2005**

<b>County</b>	<b>2005 Poverty Rate</b>	<b>Percent Poverty Increased since 1990</b>	<b>County type: Urban, Adjacent to Urban or Rural</b>
Harding	16.5%	+1.2%	Rural
Hidalgo	26.9%	+6.2%	Rural
Sierra	25.3%	+5.7%	Rural
Socorro	34.0%	+4.1%	Rural
Torrance	25.8%	+4.7%	Urban
Valencia	20.8%	+1.8%	Urban

Table 3 presents the six New Mexico counties in which poverty has worsened since 1990, according to whether their populations were predominantly urban or rural. While lack of urbanization may have contributed to the declining fortunes of most of them, it can't account for

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the downward trajectories of Torrance and Valencia, which are primarily urban and are adjacent to the highly urbanized Bernalillo County. With poverty rates at 25.8 percent and 20.8 percent respectively, both Torrance and Valencia Counties departed from the more typical pattern linking poverty to lack of urbanization. Along with Doña Ana County, which also ranked among the most impoverished counties (26.8 percent), has had a relatively stable poverty rate during the period (+.3 percent) and was primarily urban, these counties show that the diversity of poverty profiles in New Mexico defy simple generalizations about the factors that contribute to poverty in the state.

*While the state has experienced some positive trends regarding poverty over the past ten years, overall, poverty rates remain high, ranging above 20 percent in most New Mexico counties.*

Overall, poverty rates remained high in 2005, ranging above 20 percent in most New Mexico counties. In three counties, Socorro, McKinley, and Luna, poverty rates were in excess of 30 percent. In five more counties – San Miguel, Hidalgo, Doña Ana, Torrance, and Sierra – rates were at least 5 percentage points above the 20 percent threshold. Even though the last 15 years witnessed a trend toward poverty reduction in over half of the state’s counties, these gains were insufficient to raise the majority of New Mexico’s counties above the poverty line.

In summary, poverty in New Mexico is severe, particularly in rural areas and in counties with high Hispanic and/or Native American populations. While the state has experienced some positive trends regarding poverty over the past ten years, we continue to rank among the worst in the nation.

### ***Unequal Income Distribution***

New Mexico also has some of the worst income inequality in the nation. Income inequality can be measured by comparing the difference between the top 20 percent (or quintile) of families and the bottom 20 percent of families in terms of income distribution. Income inequality has been growing across the nation since the late 1980s, and is now at its highest level in almost a century.

New Mexico has the sixth largest income gap of all states in the country. From 2004 to 2006, the average income of the bottom fifth of families was \$14,798 while the average income of the top fifth was \$118,608. This meant that the richest 20 percent of New Mexico families had incomes that were 8 times as large as the poorest 20 percent of families. This is a larger difference than the national average, in which the incomes of the wealthiest sector are 7.3 times larger than the incomes of the poorest sector.

Between 1998 and 2000, income inequality worsened in New Mexico, which experienced the third largest increase in the nation in the income gap between the wealthiest and poorest households. In the late 1990s, the richest 20 percent of New Mexican families had average incomes that were 6.3 times higher than those of the poorest families, but by 2004-2006 this gap had grown to 8 times as large.

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The gap grew this rapidly because the wealthiest New Mexican households did very well between 1998 and 2006, increasing their average incomes by nearly 30 percent – the largest percentage increase in the nation. Yet incomes of the bottom fifth of New Mexicans had negligible growth (1.7 percent).

Yet despite this growing income gap, New Mexico managed to defy many of the national trends that were eroding the economic wellbeing of the middle classes. Between 1998 and 2006 the income of the middle fifth of New Mexico families increased by 7 percent (from \$39,062 to \$41,797). This was the largest increase for the middle fifth of households of any state in the nation, where gains for this sector averaged only 1.3 percent. Yet the virtual absence of growth in average incomes among the poorest New Mexicans suggests that they did not share the same economic opportunities as their counterparts among the middle-income earners.

*The problem of income inequality in New Mexico has worsened between 1998 and 2000. This growth in inequality, however, should not obscure a positive trend: New Mexico managed to defy many of the national trends that were eroding the economic well-being of the middle classes.*

Overall, New Mexico has substantial income inequality. There have been very strong income gains for some New Mexicans, especially the top 20 percent; and New Mexico's middle sectors did well in comparison to their counterparts in most other parts of the country. But the bottom fifth of New Mexico families showed virtually no improvement in economic well-being since the late 1990's. This is consistent with the national trend of growing income inequality, where wages and incomes at the bottom of the economic scale have stagnated while incomes of highly paid employees have grown significantly.

This rising income inequality reflects a convergence of trends affecting employment opportunities, wage levels, taxation policies and a host of other factors. However, a critically important factor in this mix is the lack of educational attainment. According to a 2006 report by the Center on Budget and Policy Priorities, which explored trends in income inequality nationally during the last two decades and analyzed the factors that accounted for these patterns, the largest single cause of growing income inequality was the erosion of wages for workers with less than a college education. Thus one of the Center's key suggestions for addressing rising inequality is to strengthen opportunities in higher education. However, because globalization and economic restructuring are transforming the nature of employment opportunities in contemporary America, states are urged to invest in workforce training and apprenticeship programs to prepare workers for jobs in expanding employment sectors.

The Center also advocates a series of parallel strategies to promote economic security for low-income populations. These include raising the minimum wage, reforming the unemployment insurance system, and strengthening supports for low-income working families by promoting food security and expanding the stock of affordable housing. The Center also recommends that states pursue tax policies that help offset the growing inequality of pre-tax incomes. As the



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following discussion will reveal, the Poverty Reduction Task Force's recommendations are consistent with national cutting-edge research and policy making.

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## RECOMMENDATIONS

The directive from Governor Richardson to the Poverty Reduction Task Force was to develop specific recommendations for initiatives to reduce poverty and income inequality. The Task Force recognized and discussed the importance of rising health care costs and successful public education to the issues of poverty and income inequality. However, because these policy areas were and continue to be the focus of parallel and comprehensive task forces, research and legislative initiatives from the Richardson Administration, the Task Force did not develop recommendations in these policy areas. The Task Force recommendations are organized in the follow six policy areas:

- Outreach and Access
- Financial Security
- Housing
- Higher Education
- Training and Employment
- Food Security

The Task Force respectfully submits the following recommendations for the Governor's consideration.

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## OUTREACH AND ACCESS

### *Problem Statement*

In this report, the Poverty Task Force makes a number of immediate and long-range recommendations to reduce poverty in New Mexico by advocating both new ideas and the expansion of effective state programs. At the same time, the Task Force also recognizes the importance of developing new approaches to outreach so that underserved, rural, Tribal, and minority communities are able to better access the programs and services. It became clear during testimony from both experts and community members that culturally appropriate education and community outreach is often the missing link for many people needing to access services. Our recommendations for outreach are intended to help state agencies and non-profit, Tribal, and faith-based organizations develop and implement outreach plans that will be effective in bringing information and empowerment to communities in poverty.

### *Current Situation*

Effective outreach is often challenging to accomplish; it takes time, resources, and a trust relationship with a community. However, some state agencies are rising to that challenge by utilizing innovative methods to reach underserved, Tribal, and minority communities. For example, the Human Services Department (HSD), Income Support Division (ISD), has placed native language speaking staff in Indian Health Services Hospitals and Tribal facilities in various locations across the state. This enables Tribal members to apply for services in their own or nearby communities without traveling great distances.

In addition to working with tribes and tribal facilities, many state agencies work with community-based agencies to reach eligible individuals, including training community staff to screen applicants and assist them with applications and funding agencies to identify and “sign up” eligible households. State agencies responsible for poverty programs also utilize multiple media approaches as well as partnerships with churches, schools, and population-specific state agencies to publicize availability of programs. However, these approaches are limited by the staff and funding resources available for such efforts.

It is clear that more must be done. Many experts and community members testifying to the Task Force stated a need for greater and more culturally appropriate outreach. Governors of the All Indian Pueblo Council noted during a meeting with the Poverty Reduction Task Force that many of their Tribal members lack the information to take advantage of existing programs. They cited a need for greater education and outreach among Native American communities. The Governors also stressed that outreach should connect with their communities in culturally appropriate ways. Similar frustrations were expressed during a listening session with the African-American community in Hobbs, New Mexico; one member expressed the feeling of being “ignored” by the state.

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### *General Strategies for Outreach*

With this feedback, the Task Force discussed the importance of reaching out within communities to educate individuals and increase local access to programs and services. Out of this discussion, several key strategies were identified that the Task Force recommends agencies and organizations consider expanding when developing, modifying, and implementing outreach for state poverty reduction programs:

- Education and outreach should increasingly start where the people are – in the community, at schools, businesses, churches and other faith-based organizations. We cannot wait for people to come to us for services; we must reach out to where they are.
- Outreach is most effective when done through trusted community organizations. For most communities, these are local providers and service organizations that include non-profits, faith-based organizations, Tribal government and Tribal organizations. Expanding public-private partnerships in both the design and delivery of the approach are critical to effective outreach.
- There is tremendous diversity amongst New Mexicans, and outreach approaches must be designed with an awareness of these differences. Additional multi-faceted outreach campaigns are needed to address the barriers people face when seeking services and to successfully engage those in need.
- Outreach strategies must be culturally competent. A culturally appropriate approach includes engaging the right partners to conduct the outreach, choosing the right materials and venues, and assuring language competency in the delivery. It is important to work with local leaders and organizations who can advise those designing outreach campaigns to assure that the approach is culturally appropriate for the community. State agencies whose charge or mission pertains to specific populations, e.g. the Indian Affairs Department (IAD), the Department of Veterans Services (DVS), the Aging and Long Term Services Department (ALTSD), the Office of African American Affairs etc., are available to offer additional assistance in the development and expansion of culturally appropriate outreach.
- Where possible, state and local outreach campaigns should explore whether additional federal dollars are available by committing state or local revenue sources as match. Many programs offered in the New Mexico are fully or partially funded by federal dollars. Maximizing these federal dollars makes good sense and benefits the state as a whole, and often requires a commitment of state, local or private matching dollars to access these additional federal dollars.

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## *Public-Private Partnerships*

The Executive Order creating the Task Force recognizes the importance of developing public-private partnerships to reduce poverty in New Mexico. These partnerships, with private companies, non-profits, faith-based organizations, and Tribal organizations, combine the resources to accomplish mutual goals that would be difficult to achieve alone. For some community organizations, it is in their financial interest to help persons accessing their programs to apply for and become eligible for state/federal programs that will pay for a portion of their services. Other organizations would need additional resources to provide assistance for individuals to apply for available programs. It is in these latter partnerships that the Task Force sees a great opportunity to expand outreach for state programs to underserved communities. The Task Force recommends requiring organizations signing a state contract to provide services to low-income families and to propose, as part of the contract, a plan for how the organization will do outreach. This would include but not be limited to the program/populations for which outreach will be done, how/when outreach will be done, what amount of the contract will be dedicated to outreach and what future outreach activities the organization envisions. On an annual basis, the organization would also be required to report on the process and outcomes of their outreach plan and provide quantitative measures for the population served.

The Task Force also recommends the state agencies administering poverty-reduction or income support programs train additional private/community partners to educate their clientele about available programs, screen individuals to determine potential eligibility and assist in the application process. The goal of this training would be to help organizations not yet engaged in outreach efforts to reach individuals who are reluctant to apply for services because they are intimidated by the application process or feel they are not eligible. Organizations performing this function could include food pantries, faith-based organizations, child care providers, and school-based health centers.

***Justification:*** The state already contracts with private and non-profit entities to provide program services for low-income individuals and families. This recommendation would only strengthen requirements for outreach to underserved, rural, Tribal, and minority communities.

***Anticipated Cost:*** There are no additional costs associated with changing the requirements for state contracts. Some costs may be associated with additional training for private and community partnerships.

***Implementation:*** State agencies would be required to modify a part of their procedures for contracting services and to prioritize additional training for private/community partners as part of their ongoing efforts to inform the public about available services.

***Responsible Party:*** All agencies contracting for services provided to low-income individuals and families, as well as private and nonprofit entities in underserved, Tribal, rural, and minority communities.

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***Numbers Served:*** Variable.

***Timeline:*** Propose regulation or notification of changes starting in FY09 with full implementation in contracts beginning or being renewed in FY10.

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## *Outreach in or Near Rural and Tribal Communities*

As part of their effort to increase access to services, HSD received specific state appropriations and human resources to place staff in regional medical centers and Indian Health Services Hospital and tribal facilities in various locations across the state as part of their strategy to increase access to services in rural and tribal communities.

In addition to performing application and eligibility determination in the regional medical centers and Tribal facilities, the Task Force recommends these workers conduct outreach and enrollment in community centers, chapter houses, and other locations in or near rural communities and Tribal lands. The amount of time that the worker should spend on direct outreach outside of the office should be driven by the needs of community, with consideration given to the worker's caseload. It is expected that up to 20 percent of a worker's time may be allocated for direct outreach and enrollment assistance out of the office.

***Justification:*** Direct outreach in rural and Tribal communities would reduce transportation and other barriers to access.

***Anticipated Cost:*** Variable. Cost will be dependent on the mileage to and from outreach locations, and the caseload impacts of having workers out-of-the-office.

***Implementation:*** Implementation would require ISD out stationed workers to modify their work schedules, subject to state personnel rules and union agreements.

***Responsible Party:*** The Human Services Department.

***Numbers Served:*** Variable.

***Timeline:*** Propose changes starting in FY09, full implementation in FY10, depending on available resources.

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## *Community-Based Outreach Efforts*

The Task Force recommends that HSD should establish a Project Outreach Fund, that would augment funds currently utilized or contracted for community outreach efforts. This fund would provide competitive grant funding for non-profit, Tribal, and community organizations to implement community-based outreach plans for state and local poverty reduction and related programs. An outreach plan can be developed in conjunction with an organization's current service provision and other activities, and it can conduct targeted outreach on any program administered by any state agency for which funding is available to grow the program. Outreach plans would be designed to target low-income individuals and/or families for state scholarship programs, micro-lending programs, state tax credit or other programs. The funding would be used to cover the organization's implementation costs. For example, organizations could work in underserved, rural, minority, or Tribal communities to assist clients with completing applications for Supplemental Nutrition Assistance Program (SNAP) or other applications that do not have presumptive eligibility requirements. Grantees could also provide information to community members about other poverty reduction programs in the state. On an annual basis, the organization would be required to report on the process and outcomes of their outreach plan and to provide quantitative measures for the population served. It should be noted that this fund may allow the state to apply for and leverage additional federal grant funding for outreach.

***Justification:*** The fund incentivizes additional outreach through local service providers by defraying their costs for outreach and education.

***Anticipated Cost:*** \$550,000 to fund 10 proposals at \$50,000 each for outreach to underserved, rural, minority, or Tribal communities and \$50,000 for administrative expenses.

***Implementation:*** No anticipated implementation issues.

***Responsible Party:*** The Human Services Department.

***Numbers Served:*** Variable.

***Timeline:*** Propose changes starting in FY09; full implementation in FY10.



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# FINANCIAL SECURITY

## *Problem Statement*

Financial security requires an adequate income to meet basic needs, protect against excessive charges for financial services, and provide viable means of building wealth. Improving financial security is the most direct way to reduce poverty and protect families and individuals from falling into poverty. In addition to support the Governor's expansion of the Working Families Tax Credit during the recent special session and the proposed expansion of the Child Dependent Care Tax Credit, the Task Force focused on the minimum wage, refund anticipation loans, and building individual savings accounts as ways to promote financial security.

After ten years of decline in the purchasing power of the \$5.15 per hour minimum wage, the federal minimum wage was increased in steps, most recently to \$6.55 per hour. The New Mexico minimum wage will increase again on January 1, 2009, to \$7.50 per hour. These increases in the minimum wage since mid-2007 have helped to lift many workers and their families out of poverty, and improved the standard of living for the many working families and individuals who remain in poverty.

Low-income taxpayers, particularly those who work and are eligible for the federal Earned Income Tax Credit (EITC), are targeted by tax preparers to take refund anticipation loans (RALs). These are loans secured by the taxpayer's anticipated federal or state income tax refund, with the loan repaid from the refund. Federal and state income tax refunds are generally paid quickly to electronic filers, within one to two weeks, so RAL's only make refunds available a few days earlier. However, RAL's carry a number of fees, plus interest, that often result in annual percentage rates of over 100 percent.

Low-income families often do not have financial accounts, and face other obstacles to saving for a better future – to purchase a home, to pay for post-secondary education, or to start a small business. Individual Development Accounts (IDA's) provide low-income families help in establishing savings accounts to build assets for a better future.

## *Current Situation*

Under current law, the minimum wage in New Mexico is not scheduled to increase after January 1, 2009. The rising costs of food, energy products, including gasoline, and other items will begin to erode the purchasing power of the minimum wage, increasing the severity of poverty for the working poor and driving more families into poverty. In addition, there are a number of exemptions to the minimum wage which results in a number of low-wage workers who do not benefit from increases to the minimum wage.

New Mexico does not currently require any form of disclosure for RAL's or registration or licensing for RAL facilitators. However, many taxpayers in New Mexico take RAL's. Federal income tax data for 2005 indicate that more than 48,000 taxpayers – nearly 25 percent of all

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taxpayers receiving the EITC in New Mexico – took RAL's, and RAL's taken by EITC recipients represented nearly 70 percent of all RAL's taken in New Mexico.

A state IDA program established in 2006 has received funding in subsequent years. The program currently serves more than 600 participants.

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## *Index the Minimum Wage*

There are approximately 161,000 New Mexico workers who are working at or just above minimum wage. These numbers are based upon the data from the Current Population Survey of New Mexico households. The demographics of these workers are similar to those identified with the most recent minimum-wage increase. Overall, women make up 55 percent of the affected workers and men 45 percent. Racial minorities make up 58 percent of the workers that are working at or below minimum wage. About 36 percent of minimum-wage earners are married, compared to 52 percent of all workers. Most minimum-wage workers are part of families with low incomes.

Historically, the state and federal minimum wages are increased only every 5-10 years with no specific pattern. The inconsistent increase in minimum wage has contributed to women, minorities and people living in rural areas living at or below poverty. The longer the time between adjustments to minimum wage, the further behind those receiving it fall.

States can set a minimum wage higher than the federal minimum wage. Currently, more than half of the U.S. population lives in states that have passed minimum wages higher than the federal rate of \$6.55. As of July 24, 2008, twenty-three states and the District of Columbia have enacted higher minimum wages. These states include: Alaska (\$7.15), Arizona (\$6.90), California (\$8.00), Colorado (\$7.02), Connecticut (\$7.65), Delaware (\$7.15), the District of Columbia (\$7.55), Florida (\$6.79), Hawaii (\$7.25), Illinois (\$7.75), Iowa (\$7.25), Maine (\$7.00), Massachusetts (\$8.00), Michigan (\$7.40), Missouri (\$6.65), Nevada (\$6.85), New Jersey (\$7.15), New York (\$7.15), Ohio (\$7.00), Oregon (\$7.95), Pennsylvania (\$7.15), Rhode Island (\$7.40), Vermont (\$7.68), Washington (\$8.07). Ten states (AZ, CO, FL, MO, MT, NV, OH, OR, VT, WA) currently annually adjust their minimum wages for inflation.<sup>2</sup> In addition, several states have planned to increase the minimum wage in 2009 including: Arizona, Colorado, Florida, Missouri, Montana, Nevada, Ohio, Oregon, Vermont and Washington. These states have tied their minimum wage to inflation.

The Task Force recommends that legislation be adopted to index the minimum wage to changes in the consumer price index (CPI) beginning January 1, 2010.

***Justification:*** A consistent indexing of wages to attempt to track cost of living would benefit those persons living at or near minimum wage in New Mexico. Increasing the minimum wage annually, based on the Consumer Price Index, would be the best understood and most widely accepted method. The indexing would better track cost of living increases and keep affected demographic groups from falling further below the poverty line.

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<sup>2</sup> Minimum Wage Issue Guide published by the Economic Policy Institute

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***Anticipated Cost:*** Compared to the current situation of periodic increases, indexing would be more predictable and allow business to plan their costs in advance. The minimum wage would increase in small increments each year, avoiding large, infrequent increases. The anticipated cost to the state is considered to be relatively low, less than \$30,000.

***Implementation:*** Legislation adopting annual indexing of the minimum wage; Legislation adopting a uniform wage throughout New Mexico.

***Responsible Party:*** The New Mexico Department of Workforce Solutions, State Personnel Office, and the New Mexico Legislature.

***Numbers Served:*** Up to 161,000.

***Timeline:*** If legislation is passed in the 2009 session, indexing of the minimum wage would begin on January 1, 2010.

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## *Review Exemptions*

The Task Force recommends that an advisory group be established to review and recommend a sunset of exemptions to the current minimum-wage law by 2012. Developing recommendations to Sunset exemptions will require a review of industries and justification for the exemption, with the goal of bringing more jobs under the minimum-wage law.

***Justification:*** A number of individuals that work below the minimum wage are exempt from minimum-wage laws. For example, individuals in the service industry are often paid well below the minimum-wage and may or may not make enough in tips to cover basic expenses. Agriculture and food processing industries are also exempt from the minimum wage.

***Anticipated Cost:*** Zero.

***Implementation:*** Establish an advisory group to make recommendations on the sunseting or continuation of current exemptions to the minimum wage law.

***Responsible Party:*** WSD.

***Numbers Served:*** All New Mexicans who are currently exempt from minimum wage laws.

***Timeline:*** Propose in the 2009 legislative session with implementation in July 2009.

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## *Refund Anticipation Loan (RAL) Disclosures and Licensing of Facilitators*

Refund anticipation loans (RAL's) are loans that are secured by the amount of a taxpayer's anticipated refund from the Internal Revenue Service and/or the New Mexico Taxation and Revenue Department (TRD). RALs are repaid from the refund, by directing the refund into a temporary financial account established by the RAL provider.

*Refund Anticipation Loans are heavily marketed to low-income taxpayers, particularly those who are eligible for the federal Earned Income Tax Credit.*

RALs carry a variety of fees: interest at rates that on an annual basis begin at 36 percent and range much higher; a fee of generally \$30 or more to establish the temporary financial account; a "document processing," "application" or other fee charged by some providers that ranging from \$40 to over \$100; and a fee of between \$25 and \$39 for a "same-day" or "instant" RAL.

Income tax refunds are paid to electronic filers within one to two weeks by the Internal Revenue Service (IRS) and TRD. Taxpayers therefore receive their refunds through a RAL only a few days earlier than they would receive it from the IRS or TRD. The fees paid for this small speedup of the refund results in an annual percentage rate (APR) for RALs that often exceeds 100 percent and may be much higher for small refunds.

RAL's are heavily marketed to low-income taxpayers, particularly those who are eligible for the federal Earned Income Tax Credit (ETIC) and in many cases are also eligible for New Mexico's Working Families Tax Credit or other refundable credits, such as the Low Income Comprehensive Tax Rebate (LICTR).

Tax preparation services are available from large tax preparers, such as H&R Block and Jackson Hewitt. But unspecialized businesses, such as car dealers and payday loan lenders, may also offer tax preparation services. These businesses may not be able to provide reliable tax preparation services or adequate privacy protection for tax return information.

Eleven states (California, Connecticut, Illinois, Minnesota, Nevada, New Jersey, Oregon, Texas, Virginia, Washington and Wisconsin) and New York City currently require disclosures to accompany RAL's. Tennessee and Virginia allow RAL borrowers to rescind the RAL without a fee on or before the close of the next business day. California and Oregon require all preparers (including RAL facilitators) to be licensed. Texas and Washington state require RAL facilitators to register, to be primarily engaged in tax preparation (or, in Texas, financial services), and to be authorized as an e-file provider with the IRS. North Carolina also requires RAL facilitators to register. Two states, Connecticut and New Jersey, have attempted to cap interest rates or fees on RAL's, but in both states the statutes were challenged in court and ruled to be in violation of the National Bank Act.

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Active duty members of the Armed Forces are protected from high RAL interest rates and fees by the “Military Lending Act” which caps rates for loans to members of the military at an APR of 36 percent. The cap covers all interest and fees associated with a RAL.

New Mexico does not currently require any form of disclosure for RALs or registration or licensing for RAL facilitators. However, many filers in New Mexico take RALs. Federal income tax data for 2005 indicate that more than 48,000 taxpayers – nearly 25 percent of all taxpayers receiving the EITC in New Mexico took RALs, and RALs taken by EITC recipients represented nearly 70 percent of all RALs taken in New Mexico.

The Task Force recommends requiring a disclosure along the lines of those used in other states before any RAL would be allowed. The disclosure would include such items as:

- (1) The refund anticipation loan fee schedule used by the facilitator;
- (2) A written statement or, if the transaction is conducted using electronic commerce, an electronic statement containing the following information:
  - a) The refund anticipation loan is a loan which creates a legally enforceable debt and that the loan is not the customer's actual tax refund;
  - b) The customer may file a tax return electronically without applying for the refund anticipation loan;
  - c) The average period within which a person who does not obtain a refund anticipation loan can expect to receive a tax refund if the person:
    - Files a tax return electronically and the person's tax refund is directly deposited to the person's account or mailed to the person; or
    - Mails a tax return to the Internal Revenue Service and the person's tax refund is directly deposited to the person's account or mailed to the person;
  - d) Neither the Internal Revenue Service nor TRD guarantees that a person will be paid the full amount of an anticipated tax refund; nor do they guarantee that an anticipated tax refund will be deposited into a person's account or mailed to a person on a specific date;
  - e) The customer is responsible for repayment of the refund anticipation loan and related fees and charges if the anticipated tax refund is not paid or paid in full;
  - f) The estimated time within which the proceeds of the refund anticipation loan will be paid to the customer if the loan is approved; and
  - g) The fee or charge that will be imposed, if any, if the refund anticipation loan is

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not approved;

- h) The estimated total fees and charges for obtaining the refund anticipation loan;  
and
- i) The estimated APR for the refund anticipation loan.

The disclosure would have to be made in a font 14-points or larger, and translated into the native language of any borrower not proficient in English.

In addition, the Task Force recommends that RAL facilitators be required to be licensed by the Regulation and Licensing Department (RLD), and to be primarily engaged in tax preparation and to be authorized as an e-file provider with IRS.

**Justification:** The fees associated with RALs can be very high, representing an APR that can exceed 100 percent; taxpayers should be aware of this high cost before agreeing to a RAL. Preparers who are RAL facilitators should be required to meet some minimum standard of competence in tax preparation.

**Anticipated Cost:** RLD would require additional funding of \$100,000 to implement and enforce the RAL disclosures and licensing of RAL facilitators.

**Implementation:** Legislation would be required and guidance would be required from RLD.

**Responsible Party:** The Regulation and Licensing Department.

**Numbers Served:** All potential RAL customers, including the 200,000 taxpayers who receive the federal EITC and state Working Families Tax Credit, could potentially benefit from the RAL disclosures and registration of facilitators.

**Timeline:** Legislation for 2009 session; implementation for tax year 2009 return preparation.



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## *Expand the Individual Development Account (IDA) Program and Encourage Individuals to Deposit Earned Income Tax Credit (EITC) Refunds into an IDA*

Research continues to show that individuals often remain in poverty due to lack of access to avenues that build assets. Such avenues include buying a home, completing education, training, or starting a business. The Individual Development Account (IDA) is a strategy used widely across the nation as well as here in New Mexico to address the lack of access to these wealth creating avenues. The IDA initiative employs savings accounts where regular and consistent contributions by lower income employed program participants are matched using public funds and/or private funds. The match serves as an incentive and is structured similarly to an employer match provided in 401(k) contribution strategies.

The New Mexico IDA program funding is not adequate to reach many underserved rural and remote areas of the state.

In 2006, Governor Richardson recommended and the New Mexico Legislature appropriated an initial \$1.5 million to support the establishment of an IDA program. In 2007 and 2008, \$250,000 was appropriated. Effective administration of the New Mexico IDA program is critical. The New Mexico IDA program, administered by the Department of Workforce Solutions (DWS), has developed a competitive process to provide funding to the following non-profit organizations to implement the New Mexico IDA program:

- Community Action New Mexico, which currently serves 343 customers;
- Women's Economic Self-Sufficiency Team (WESST), which serves 163 customers; and
- HELP – New Mexico Inc., which serves 108 customers.

In addition to receiving state funding, the New Mexico IDA program has been supported by private foundations. Additional public-private partnerships could be pursued.

**Justification:** IDAs are matched savings accounts that enable eligible low-income families to save, build assets, and enter the financial mainstream. The IDA serves as an incentive strategy to reward working-poor families who contribute regularly to savings accounts. The matched savings enable the families to accumulate funds that may be used as a partial down payment to purchase a home, to pay for post-secondary education, or to start a small business. New Mexico's IDA program also allows participants to use savings to purchase a car when necessary for transportation to work. IDAs make it possible for low-income families to build financial assets. Additionally, the IDA program usually requires participants to take part in financial literacy training.

An important component of effective IDA programs across the nation is the inclusion of helping participants to establish banking relationships such as a checking account. This is often included

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in financial literacy training programs. Establishing a banking relationship – a savings or checking account with a financial institution – is an important first step to develop credit worthiness which is necessary to purchase a home. Credit worthiness is often required to acquire other assets when starting a business. Today many employers require credit worthiness for candidates being seriously considered for employment.

As defined by the Internal Revenue Service, the Earned Income Tax Credit (EITC) is a refundable federal income tax credit for low-income working individuals and families. When the EITC exceeds the amount of taxes owed, it results in a tax refund to those who claim and qualify for the credit. Some IDA programs are structured to allow participants to directly deposit EITC refunds, or some designated portion of their EITC refund, directly into their IDA. This assists IDA participants to continue to practice wealth building behavior while substantially increasing their savings.

***Anticipated Cost:*** The current budget is \$320,000. The Taskforce recommends \$250,000 to 500,000 in new recurring funds.

A proposed total budget of \$570,000 (\$320,000 from the current budget plus \$250,000 in new recurring funds) would be used as follows: \$70,000 to hire a full-time IDA manager; \$25,000 for local administrative support for providers; and \$475,000 for program participants (\$475 per participant). Adopting a recommendation to increase the current budget by \$500,000 would serve 2,052 new participants.

***Implementation:*** Hire a full-time IDA program manager to provide oversight and management to ensure broad outreach in rural and frontier portions of New Mexico as well as to develop clear criteria for program participation to enhance the asset building behavior of participants, provide appropriate oversight and capacity building with service providers, and improve the program statewide.

***Responsible Party:*** The Department of Workforce Solutions.

***Numbers Served:*** Currently, the program serves 614 individuals. Though the distribution of these accounts is statewide, the vast majority of the account holders tend to be located in the more urban areas of New Mexico. Increasing funding to \$570,000 would allow the program to significantly expand to the rural and frontier areas of New Mexico and serve a total of 1,000 enrollees. Adopting a recommendation to increase the current budget by \$500,000 would serve 2,052 new participants.

***Timeline:*** Propose the program in the 2009 legislative session and begin implementation in the summer of 2009.

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# HOUSING: CREATING AND SUPPORTING DECENT, SAFE AND AFFORDABLE HOUSING FOR PERSONS IN NEW MEXICO WITH LOW INCOMES

## *Problem Statement*

Housing affordability is a critical issue nationwide. In recent years, the affordability problem has become even more acute, in both large and small housing markets across the nation, resulting in a housing market slowdown and devaluation. Escalating housing expenditures have caused many households, both renters and owner-occupants, to reduce their allowable expenditures for even basic necessities such as food, clothing, health care, child care and education.<sup>3</sup>

Challenges in housing affordability for persons in New Mexico are demonstrated by the housing cost burden for families living at the state's median income and the burden for the large number of families living in poverty. The percent of persons living below poverty in New Mexico in 2007 is third highest in the nation at 18.1 percent, compared with the U.S. average percent of 13.0 percent. The 2007 median household income in New Mexico was \$41,907 compared to the United States median of \$ 51,658 (according to the 2007 American Community Survey). A household is considered not to have affordable housing if more than 30 percent of household income (a standard from the U.S. Housing and Urban Development Department) must be allocated toward housing expenses. The percentage of New Mexicans in 2006 who pay more than 30 percent of household income for housing costs are 31 percent of mortgaged homeowners and 48 percent of renters. As a result, there are many households in New Mexico that lack affordable housing. Anecdotally, according to a survey of homeless persons in Albuquerque (2007), 40 percent of those surveyed were unable to find affordable housing.

*In New Mexico, 31 percent of homeowners and 48 percent of renters pay more than 30 percent of household income for housing costs.*

According to the National Low Income Housing Coalition<sup>4</sup> the hourly wages required to obtain even an affordable one-bedroom apartment vary significantly in New Mexico.

- Santa Fe – \$13.79
- Los Alamos – \$13.15
- Taos – \$11.69
- Albuquerque – \$11.37
- Farmington – \$9.12
- Las Cruces – \$8.98

The chart<sup>5</sup> below depicts the New Mexico statewide average two-bedroom fair market rent of \$658, compared to:

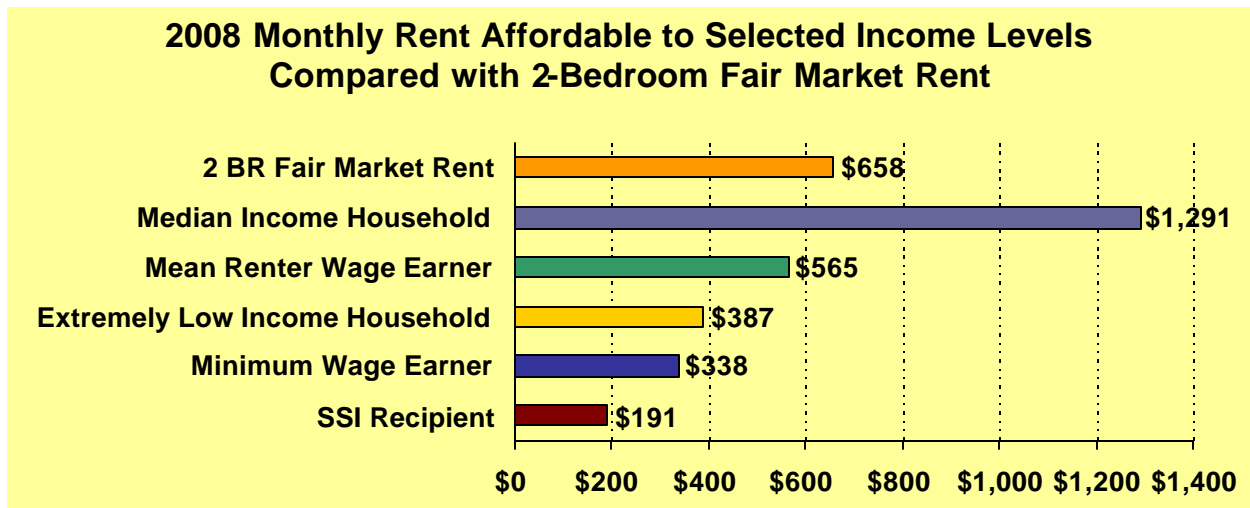
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<sup>3</sup> A New Measure of Housing Affordability: Estimates and Analytical Results, Nandinne K. Kutty, Housing Policy Debate, Vol. 16, Issue 1, Fannie Mae Foundation, 2005.

<sup>4</sup> *Comparison of Mean Wage & Housing Wage*, by NM County, National Low Income Housing Coalition (NLIHC)

- New Mexico Median Household Income for 2007; and
- 30 percent of income available for housing costs for each of the following categories of renters in New Mexico: Median Income Household, Mean Renter Wage Earner, Extremely Low Income Household, Minimum Wage-Earner and the SSI Recipient.

This chart demonstrates that even the mean renter wage earner's 30 percent of income, \$565, cannot afford the New Mexico average two-bedroom fair market rate of \$658.



For households below the mean renter wage-earner the amounts that are available to be spent on housing are significantly less than the statewide two bedroom fair market rate of \$658.

<sup>5</sup> Data derived and compiled from the National Low Income Housing Coalition, *Back to Out of Reach 2007-2008*.

**Comparison of Affordable Housing Wages<sup>6</sup>  
For Low Income Households in New Mexico**

<b>Term</b>	<b>Definition</b>	<b>2007 Median Annual Family Income for a 4-Person Household in NM</b>	<b>Amount To Be Spent on Affordable Housing</b>
Extremely low-income	= 30% AMI (Average Median Income)	< \$15,200	< \$380 per month (< \$4,560 annually)
Very low-income	30% AMI – 50% AMI	\$15,200 - \$25,300	\$380 – \$632.50 per month (< \$7,590 annually)
Low income	50% AMI – 80% AMI	\$25,300 - \$40,500	\$632.50 – \$1,012.50 per month ( < \$12,500 annually)
Moderate income	80% AMI – 100% (or 115%) AMI	\$40,500 - \$50,600 (or \$58,190)	\$1,012.50 – \$1,265 per month (< \$15,180 annually)

Ultimately, poverty and housing costs have a significantly disproportionate impact on persons with disabilities. The amount necessary to rent a one-bedroom housing unit would equal 88 percent<sup>7</sup> of the monthly income of a person receiving Supplemental Security Income (SSI) in New Mexico (compared to the recommended 30 percent or less for affordability).

It should be noted that persons with disabilities and often persons without significant disabilities but with recent histories of unstable or no housing need supportive services – at least initially – when coming out of homeless shelters, foster care, jail/prison, or transitional living settings and going into an independent apartment. Housing support services are flexible, voluntary and are intended to: identify and obtain housing, assist clients with moving into housing, and assist clients in maintaining their housing. Support services include but are not limited to, finding housing and negotiating with landlords, securing leases and deposits for rent or utilities, resolving or mediating conflicts, and securing community services such as personal financial management, school and work readiness, medical management, peer support, crisis intervention, behavioral health treatment, and comprehensive community support services.

Affordable housing with appropriate supportive services has been shown to reduce the use of health care, emergency rooms, jails, and homeless shelters, in addition to reducing the use of alcohol and illegal substances, thereby reducing costs in other government-sponsored programs and improving community life for everyone.

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<sup>6</sup> *State of Housing, 2008*, NM Mortgage Finance Authority (MFA)

<sup>7</sup> *Priced Out in 2006*, The Technical Assistance Collaborative (TAC)

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## *Current Situation*

Addressing the issue of affordable housing requires a strong partnership between the public and private sectors. The federal government has attempted to provide affordable housing through a variety of programs administered by the Mortgage Finance Authority and other local administering agencies ranging from the Continuum of Care and Emergency Shelter Grant allocations for homeless persons; to low cost, affordable housing through the HOME, Section 515 and 538 Rural Rental Housing programs, Section 811 and 202 Rental Housing Programs, Federal Home Loan Bank programs, and the Section 8 Housing Choice Voucher program, to name a few. At the state level, the New Mexico Finance Authority (MFA), in partnership with the state of New Mexico, has administered Low Income Housing Tax Credit programs, the state's Housing Trust Fund and a variety of specialty programs for housing development, rehabilitation and repair, energy efficiency, and priority populations including Native Americans, veterans and persons with disabilities.

An assessment of New Mexico's housing stock by MFA<sup>8</sup> revealed that of the 850,000 total units statewide: 68 percent are single-unit structures, 15 percent are multi-unit structures, 17 percent are manufactured homes. Of those, 29 percent were built since 1990, and 15 percent are vacant.

An overview of federal, state and local funding sources and housing programs and an assessment of the housing stock, uncovered these facts:

- v 73 U.S. Department of Housing and Urban Development (HUD) subsidized Section 8 contract properties in New Mexico (approximately 4,000 affordable apartment units) are scheduled to expire before the end of 2012.<sup>9</sup>
- v United States Department of Agriculture (USDA) estimates that 33 percent of its subsidized Section 515 rural rental subsidized properties (approximately 1,000 affordable apartment units in New Mexico) will be eligible for mortgage prepayment before the end of 2009.
- v Due to regional variations in escalating housing market rental values (e.g., oil industry boomtown activities and federal construction projects) in New Mexico, the Fair Market

*Due to regional variations in escalating housing market rental values in New Mexico, the Fair Market Rent paid by U.S. HUD may not be economically competitive in some areas, and as a result some Section 8 vouchers go unused in those regions.*

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<sup>8</sup> Source: *State of Housing, 2008*, NM Mortgage Finance Authority (MFA)

<sup>9</sup> National Housing Trust, Special Report 2007, as reported in the *State of Housing, 2008* MFA

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Rent (FMR) paid by U.S. HUD may not be economically competitive in some areas, and as a result some Section 8 vouchers go unused in those regions.<sup>10</sup>

- v Over 31 percent (225,070) of New Mexico households have very low and extremely low-income and would qualify for subsidized housing. Compared to the 29,429 units of low-income housing stock provided through federal government programs and subsidies, only 15 percent of the low-income population in New Mexico is able to access affordable, subsidized housing.

In order to provide safe, decent, affordable housing for persons with low to extremely low incomes, three things are needed. First, New Mexico needs to increase the number of available low-income housing units. Second, there needs to be an expansion of the developers with the capacity to take advantage of complicated financing mechanisms and project-based operating subsidies to keep the rents low. Third, there needs to be more rental assistance and support services for the individuals who live in low-income units to help them pay the rent. Support services include but are not limited to, finding housing and negotiating with landlords, securing leases and deposits for rent or utilities, resolving or mediating conflicts, and securing community services such as personal financial management, school and work readiness, medical management, peer support, crisis intervention, behavioral health treatment, and comprehensive community support services

After careful consideration and review of the affordable housing shortage and the associated cost burden on families and individuals throughout the state, the Governor's Poverty Reduction Task Force offers the following three housing recommendations, in order of priority.

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<sup>10</sup> Anecdotal information from public housing authorities in Roswell, Hobbs & Silver City, New Mexico

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### *Increase Balance of Affordable Housing Trust Fund*

The New Mexico Housing Trust Fund provides financing for affordable housing initiatives targeted primarily to low and moderate income households. Housing Trust Funds are used for financing the development, acquisition and rehabilitation of housing. The New Mexico Mortgage Finance Authority (NMMFA) awards funds on a competitive basis quarterly. Eligible applicants include non-profit and for profit housing developers and providers, units of government, housing authorities and tribal entities. NMMFA has awarded \$12 million, which has leveraged over \$180 million in other housing funding and will result in more than 1,000 housing units throughout New Mexico.

**Justification:** This would provide critical funding for the Affordable Housing Trust Fund for the continued expansion and development of low-income housing for New Mexicans.

**Anticipated Cost:** \$5.0 million to \$15.0 million annually, with a goal of achieving a \$100 million permanent fund (from interest on the endowment), this is consistent with the New Mexico Mortgage Finance Authority's calculated need.

**Implementation Issues:** It will be critical to have additional state funds to leverage new federal housing funds available through the Housing and Economic Recovery Act of 2008 and the anticipated Frank Melville Supportive Housing Investment Act to ensure that New Mexico is strategically able to access these new housing finance opportunities.

**Responsible Parties:** The New Mexico Mortgage Finance Authority.

**Numbers Served:** The numbers served (number of units developed) would generally be in direct proportion to the amount of additional funds made available, for example:

<b>Scalable Fund Amount Options</b>	<b>No. of Units developed</b>
\$5,000,000	500
\$10,000,000	1,000
\$15,000,000	1,500

**Timeline:** Beginning in FY10. Budgets are set annually through the legislative process.



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## *Expand Rental Assistance to Address General Needs of Low-Income Housing Assistance*

**Justification:** Expansion of these low-income housing programs provides affordable, permanent, housing opportunities to the most vulnerable and economically challenged persons in New Mexico, who would have no other alternatives. This recommendation will cover direct costs to move into housing and provide rental vouchers and community-based support services to assist consumers to be successful in retaining their housing. Support services include but are not limited to, finding housing and negotiating with landlords, securing leases and deposits for rent or utilities, resolving or mediating conflicts, and securing community services such as personal financial management, school and work readiness, medical management, peer support, crisis intervention, behavioral health treatment, and comprehensive community support services.

Eligibility is based on 30 percent area median income (AMI), persons with disabilities, and young adults transitioning out of foster care or incarceration.

**Anticipated Cost:** Scalable recommendations are presented below for expansion of the current program, which is targeted to youth transitioning out of foster care or incarceration and adults with severe mental illness, to adults with general needs for low-income housing assistance.

### **Cost of Vouchers (Youth/Young Adults and Adults) and Support Services for Adults:**

<b>Scalable Annual Fund Amount Options</b>	<b>Persons Served</b>
\$2,000,000	\$900,000 for 90 adult vouchers \$500,000 for 50 youth/young adult vouchers \$600,000 for support services (non-Medicaid) for 120 adults
\$1,500,000	\$750,000 for 75 adult vouchers \$300,000 for 30 youth/young adult vouchers \$450,000 for support services (non-Medicaid) for 90 adults

### **Cost of Support Services for Youth/Young Adults:**

<b>Scalable Annual Fund Amount Options</b>	<b>Persons Served</b>
\$210,000	3 FTE for youth/young adult support services (65 youth)
\$140,000	2 FTE for youth/young adult support services (42 youth)

**Implementation Issues:** No major issues are anticipated, since there are two existing pilot programs – Linkages and Transitions with four pilot sites: two (2) in Albuquerque, and one (1) each in Santa Fe and Silver City. The expansion would involve the training of additional providers and hiring of state staff based upon lessons learned from the existing pilot programs.

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***Responsible Parties:*** NMMFA would administer project vouchers; HSD would plan, coordinate, monitor and manage the supportive housing program; Value Options, the statewide entity, would contract for housing support; and CYFD would plan, coordinates, monitor, manage and provide housing support services for young adults enrolled in the Transitions Program.

***Numbers Served:*** An additional 185 clients could be served. The number of clients served would be in direct proportion to the amount of additional funds made available.

***Timeline:*** Budgets are set annually through the legislative process, so this could be in place by July 1, 2009 for FY10.

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## *Low-Income Housing Development*

The Task Force is recommending that a new fund be created to support low-income housing development. Revenue in the fund would be used to help low income housing organizations get ready to apply to the Housing Trust Fund. These funds cover pre-developments costs and assist with the operating costs of housing units who serve low income families. Low-income housing development as used here refers to pre-development work which occurs prior to housing being developed, acquired or rehabilitated. This pre-development work includes front end activities such as architectural and engineering work, cost estimates, project feasibility, environmental and market studies. Additionally, this includes project-based operating assistance for these developers to ensure the financial viability of operating such housing by making units cost less and to ensure the long-term affordability of housing units to low income households.

**Justification:** It is critical to support low-income housing development through three avenues: pre-development, capacity building and project-based operating assistance (PBOA). Pre-development and capacity building will assist in the infrastructure development of non-profit

*It is critical to support low-income housing development through three avenues: pre-development, capacity building and project-based operating assistance.*

organizations and local entities to create new affordable housing stock. PBOA would help ensure that some housing units will be initially, and in the long-term affordable to households with very low incomes. PBOA would be used to supplement the difference between the low-income tenant's portion and the fair-market rent for each subsidized unit.

**Anticipated Cost:** \$900,000 to \$2.0 million annually.

**Implementation Issues:** The availability of these additional funds would strengthen collaborative opportunities between housing providers and service providers; increase the need for non-profit training and technical assistance; and require the development of local lead service agencies in all areas of the state where development is occurring.

**Responsible Parties:** NMMFA.

**Numbers Served:** 67 new housing units could be supported for \$2.0 million; or 30 new housing units for \$900,000. Given the approximately 30,000 currently available low-income units in New Mexico and the 225,000 individuals who need such low-income units, tens of thousands of such units may be needed over time, especially for those with extremely low incomes and those who do not currently have permanent homes. The number of units that would result from this assistance to low-income housing developers would be in direct proportion to the amount of additional funds made available:

<b>Scalable Annual Fund Amounts</b>	<b>No. of Units Developed</b>
\$2,000,000	67
\$900,000	30

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***Timeline:*** Budgets are set annually through the legislative process, so this could be in place by July 1, 2009 for FY10.

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# HIGHER EDUCATION: WORK TO INCREASE EDUCATIONAL ATTAINMENT AMONG LOW-INCOME NEW MEXICANS

## *Problem Statement*

We know that higher education is the best and most reliable route for an individual, a community, a region, or even a nation to move out of poverty. There is a close positive correlation between levels of individual educational attainment and participation in the workforce, levels of income, and health, and an inverse correlation with incarceration and unemployment. But that route for the individual is also a possible route for the larger group: the

*In a knowledge-based economy, the strength of an economy will be strongly correlated with its overall level of educational attainment.*

*We need to make increasing the educational attainment of New Mexicans our core long-term strategy for eliminating poverty.*

correlation is almost as close between state-level data on educational attainment and income and health; aside from a very few very lucky nations with an abundance of key natural resources and small populations, those nations that have invested the most in human capital development in recent years have seen both the greatest overall economic growth and less stratification in terms of income distribution. So the long-term strategy should be clear enough: in a knowledge-based economy, the strength of an economy will be strongly correlated with its overall level of educational attainment. We need to make increasing the educational attainment of New Mexicans our core long-term strategy for eliminating poverty.

The United States, having led the world in educational attainment from 1776 until very recently, has stagnated in terms of educational attainment in our lifetimes, while other nations are rapidly catching up and surpassing us. One key reason is the enormous difference in educational attainment among different income levels: the college graduation rate of American citizens in the top quintile economically—the wealthiest 20 percent—is now 76 percent, well above any country in the world, but it is only 9 percent in the bottom quintile, significantly below the rate of any industrialized nation. Although we don't have this kind of data for New Mexico, what we know about regional patterns of economic attainment reflects the same picture: the citizens of Los Alamos County have a higher level of educational attainment than any nation in the world, while Bernalillo County, which comes in second, is just below the national average; in contrast, counties such as Guadalupe and Luna have levels of educational attainment equivalent to the poorest of Organization of Economic Cooperation and Development (OECD) counties, near or below those of Turkey. So, our approach has to be to try to raise the overall level of educational attainment of New Mexicans by dramatically raising those levels for low-income New Mexicans by making it easier for them to afford a college education.

## *The Current Situation*

Most of the policy levers that we need to make progress on this issue are in place in the state. We have a strong commitment in state government to keeping tuition affordable, and our low

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tuition practice has made the cost of attendance in New Mexico among the lowest in the country. We have a suite of financial aid programs in the state, in which state monies complement existing federal programs. Although the major financial aid program funded by the state, the Legislative Lottery Scholarship, is not means-tested, it is a broad enough program that it funds many students from low-income families. In addition, the state has recently created the College Affordability Endowment, aimed specifically at low-income, non-traditional students and other programs including state work-study funds and part of the 3 percent scholarships which are funded by the Funding Formula are aimed at low-income students.

We therefore do not think that we need to reinvent the wheel here and drastically restructure either the system of financial aid or the system of higher educational institutions which students with that financial aid then enter. We could undoubtedly do a better job of monitoring our progress on these matters if we did more analysis of student access and success with poverty and income data in mind; nonetheless, our recommendations are more to extend current directions and programs than to develop new ones.

The major change we recommend is more a matter of explicit positioning than actual practice: the state has had a good record of maintaining broad access through low cost, but we believe that this should become an explicit policy goal of the state, not simply an implicit practice, since this would help maintain this commitment through the ups and downs of the budget cycle.

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## *Commit State to Low Tuition Policy*

Keep annual tuition increases for New Mexico's public colleges and universities below 5 percent by eliminating the tuition credit frequently assumed as part of the budget process and by funding key inflationary factors (utilities, health insurance, risk management, also known as "the cost of opening the doors") for the institutions as the state does for public schools.

*Students who work on campus are far more likely to graduate than students who work off campus.*

**Justification:** Any increase in the cost of going to college disproportionately affects those with the least resources. Each time tuition goes up, the burden on poorer students increases.

**Anticipated Cost:** Eliminating the tuition credit foregoes a potential revenue source but does not in itself have a cost. The full cost of "opening the doors" (i.e., inflationary factors) going forward is unknown, but they were funded at 53 percent of estimated costs last year for \$2.5 million, so full estimated cost would have been \$4.5 million. Our preliminary estimate for this year, \$7.5 million, is higher, which is not surprising given the rise in fuel costs. This is easily scalable, as every \$1 million devoted to funding inflationary factors should reduce tuition increases by 0.5 percent.

**Implementation:** There are no real implementation issues or costs, as all of this could be easily handled by our existing funding formula procedures.

**Responsible Party:** The New Mexico Higher Education Department (NMHED) and all 25 state-funded institutions of higher education.

**Numbers Served:** All 125,000 New Mexicans currently attending these institutions, as well as potentially others brought into higher education through keeping tuition affordable.

**Timeline:** Propose the program in the 2009 legislative session and begin implementation in the summer of 2009.

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## *Increase Funding for Work Study*

Governor Richardson's Poverty Reduction Task Force proposes increasing funding for the state's work-study program to make sure this increase allows the state to keep up with minimum wage increases and to build in focused programs for service learning and undergraduate research as well as fund general work-study opportunities.

**Justification:** Students who work on campus are far more likely to graduate than students who work off campus. It is much easier to change the location where they work than it is to eliminate their need to work, and national data in fact suggest that students with relevant on-campus employment are more likely to graduate than students with no need to work. The more we can shift employment opportunities on to campuses, the more we can help those students who need to work to stay in school.

**Anticipated Cost:** With an increase of \$3.3 million in state work-study (from the current \$5.9 million to \$9.2 million), we could reach 4,000 students, allowing them to earn an average of \$2,300 per academic year. This is easily scalable as every \$1 million devoted to increasing the work study budget allows 425 students to receive the average work study award of \$2,300.

**Implementation Issues:** No major issues are anticipated, since work-study programs are already in place at every campus in the state.

**Responsible Parties:** The New Mexico Higher Education Department, all 25 state-supported institutions of higher education as well as the four Tribal Colleges and the non-profit private colleges in the state.

**Numbers Served:** 4,000 college students.

**Timeline:** NMHED fully awards all work-study budgets every year, so an appropriation in any given legislative session affects awards the following fall semester.



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## *Increase Allocation for Need-Based Scholarships*

Change the 3 percent scholarships funded by the state to make them 100 percent need-based. All public colleges and universities in the state receive scholarship funds based on their enrollments: this so-called 3 percent money amounted to \$9.34 million last year. Current statute says that institutions must award at least 1/3 of this money as need-based aid. We propose that all of these funds be awarded as need-based aid.

*The current generation of low-income young Americans face diminished educational and economic opportunities because they lack access to a college education according to Access Denied, a report from the Advisory Committee on Student Financial Aid*

**Justification:** Institutions raise a good deal of private money for merit-based programs, such as the Regents and Presidential Scholarships at the University of New Mexico (UNM) and New Mexico State University (NMSU). The Task Force thinks that state money should be targeted to where it will make the most difference in terms of college attainment. Merit-based aid may influence where a student attends college and it can make it much easier for that student to afford college, but it is much less likely than need-based aid to be the difference making it possible for that student to attend college. Increasing need-based aid will make a tangible difference in the ability of low-income students to attend college and complete a college education.

**Anticipated Cost:** Zero.

**Implementation Issues:** Since the major scholarship programs to which these funds are devoted extend for the length of a college education, the Higher Education Department would need to phase in a transition so that students in existing scholarship programs funded by the 3 percent funds were not left stranded. The Task Force proposes a shift across four years, going in stages from 1/3 to 1/2, 2/3, 5/6, and then 100 percent need-based aid. Currently, the program is at 1/3; therefore, it would take four years to do four incremental increases.

**Responsible Parties:** The New Mexico Higher Education Department and all 25 state-funded institutions of higher education.

**Numbers Served:** 6,000 students.

**Timeline:** From fall 2009 to fall 2012, for reasons listed under Implementation Issues.

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## *Increase the College Affordability Endowment*

Nearly \$100 million was appropriated in 2006 and 2007 for the College Affordability Endowment, and in time this amount will provide \$5 million in College Affordability Scholarships, funding 2,500 scholarships. The original intent was to endow this at \$250 million across time, and adding funds from non-recurring sources to move in this direction would enable proportionate increases in the number of awards.

**Justification:** College Affordability Awards are for students who are not eligible for the Legislative Lottery Scholarship, so they are an important vehicle for reaching out to adult or other “non-traditional” students who we need to attract to or get back to higher education.

**Anticipated Cost:** \$150 million in non-recurring dollars over a period of 5-10 years, and this would fund 3,750 additional College Affordability Awards. Every \$1 million (non-recurring) invested in the College Affordability Endowment will generate \$50,000 in permanent income for the program, supporting 25 additional awards in perpetuity.

**Implementation Issues:** There would be no additional implementation issues involving a higher level of expenditure of College Affordability Endowment monies.

**Responsible Parties:** The New Mexico Higher Education Department, all 25 state-funded institutions of higher education and the 4 Tribal Colleges.

**Numbers Served:** Currently, the program serves 2,500 students. If funded, a total of 6,000 students could be served.

**Timeline:** As the College Affordability Endowment is an endowment, monies appropriated in one legislative session would begin to be awarded the next fall, i.e., appropriations in the 2009 session would lead to an increase in awards for the fall 2010 semester.

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## *Service for Scholarships*

New Mexico could take the lead in enacting loan forgiveness for low-income New Mexicans in exchange for comparable service in New Mexico.

New Mexico could take the lead in enacting such a program at the state level. Instead of calling for, as the Governor's national plan called for, loan forgiveness in exchange for national service, a more focused plan could fund loan forgiveness for low-income New Mexicans in exchange for comparable service in New Mexico.

New Mexico could implement a program to provide two years of college tuition and fees loan forgiveness at a public university or Tribal college in exchange for one year of public service in New Mexico. This plan assumes college tuition and fees to be \$4,500 per year, the current average cost of one year at a research university in New Mexico. Maximum loan forgiveness would be annually adjusted. As the cost of college increases, so too would the value of the loan repayment-for-service program. If a graduate wishes to perform two years of service, then he or she may receive up to four years – i.e., \$18,000 – of loan repayment.

This program would cover the following post-graduate service opportunities:

- Teach for America
- AmeriCorps
- Medical professionals, including nurses, doctors, physicians' assistants, and others, who practice in under-served areas
- Teachers who teach in underserved areas
- Firefighters
- Police officers
- Emergency medical technicians
- Lawyers who practice public interest law and earn less than \$45,000 per year
- Faculty who teach at Tribal colleges
- Personnel employed by Tribal governments
- Personnel employed by community-based non-profits
- And others who give back to their communities, as defined by specific program criteria.

Graduates from post-secondary institutions at all academic levels, including community colleges, four-year bachelor's programs, master's programs, professional schools, PhDs, and MDs would be covered under this plan.

***Justification:*** Any increase in need-based aid or need-based loan-for-service programs should help college completion rates by making it easier for low-income students to attend college. This program should also make it easier for students who plan to return to their communities to do so, and provide an incentive for students to adopt community-service oriented career paths. The

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work that these students would accomplish in their chosen professions should also contribute to poverty-reduction efforts.

***Anticipated Cost:*** It is difficult to estimate the cost of such a program without knowing how many New Mexicans would respond to it, but \$3.15 million would fund 700 students taking advantage of such a program. New Mexico graduates in the neighborhood of 7,000 bachelor's degrees holders each year if 20 percent of them went into these categories of employment, and half of that number met the low-income eligibility requirement, then we would need to fund 700 per year.

***Responsible Parties:*** The New Mexico Higher Education Department, all 25 state-supported institutions of higher education as well as the four Tribal colleges and the non-profit private colleges in the state.

***Number Served:*** 700 students.

***Timeline:*** Propose the program in the 2009 legislative session and begin implementation in the summer of 2009.

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# TRAINING AND EMPLOYMENT OPPORTUNITIES

## *Problem Statement*

In order to address poverty in New Mexico, many New Mexicans need access to education and training at a variety of levels. Many individuals need essential work supports such as reliable transportation and quality day care services so that they may advance in their education and/or careers. In addition, New Mexicans need opportunities to engage in financial literacy, to develop their financial assets, to save money and to accumulate savings.

*Many studies have concluded that the best way to help the poor is to empower them to help themselves.*

Many studies have concluded that the best way to help the poor is to empower them to help themselves. A combination of coordinated education, workforce training and appropriate work supports such as child care and financial literacy training would build a strong foundation to break the damaging cycle of poverty. For some families the single most critical need is job training.

Furthermore, job training and education are vitally important to welfare recipients and other low-skilled workers for achieving long-term economic stability. The majority of welfare recipients who find jobs are placed in low-skill, low-wage jobs that still leave them living under the federal poverty level. Research suggests that workers employed in low-wage jobs remain in those jobs. Skills training is widely understood to be the key to moving workers into jobs that pay wages that meet family needs and enable workers to be self-sufficient. However, turnover in low-wage jobs is high, and private employers are reluctant to invest in training these workers. Furthermore, limited public training dollars tend to be targeted to the unemployed rather than those who are already working, albeit in low-wage jobs. To help move more families out of poverty, New Mexico state agencies and local workforce entities will need to rethink their approaches to training the working poor. The Governor's Poverty Reduction Task Force suggests that be done on three levels:

- First, invest in basic education skills;
- Second, make re-training for low-income workers a priority; and
- Third, place an emphasis on high-wage, high-growth, high-opportunity industries.

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## *Expand Training Opportunities by Utilizing Alternative Modes of Delivery: Pre-Apprenticeships/Apprenticeship Programs*

Young people need to be aware of career pathways while they are in high school. Too often, young people, their parents and their guidance counselors are not aware of the available career choices and options. This is especially true in many emerging industries, such as the renewable energy industry. Far too often, young people find that their high school coursework is not adequately preparing them for a career. In addition to their coursework, students need on-the-job training and mentoring from an industry representative.

Apprenticeship is a proven training method whereby an apprentice, with the support and commitment of the employer and/or the training program, becomes proficient in a specific trade. New Mexico currently has a successful apprenticeship program.

**Justification:** Establishing a pre-apprenticeship program would enable high school students to receive on-the-job training and related instruction through a partnership with an industry representative. The training lasts a specified length of time, typically between one and five years. An apprenticeship program covers all aspects of the trade and includes both on-the-job training and related instruction. A pre-apprenticeship program would begin at the high school level.

*Far too often, young people find that their high school coursework is not adequately preparing them for a career. In addition to their coursework, students need on-the-job training and mentoring from an industry*

Based upon a memorial passed in the 2008 legislative session, an inter-agency committee has been charged with studying the feasibility of implementing an industry-taught pre-apprenticeship curriculum in high school career-technical programs. These opportunities would be developed via a partnership among the New Mexico Public Education Department (PED), DWS, and various school districts.

New Mexico's High School pre-apprenticeship program has the potential to:

- Further the Governor's High School Redesign Initiative;
- Further the work of the Governor's Co-ordination Oversight Committee on Career Clusters;
- Positively impact New Mexico's high school graduation rates;
- Lessen New Mexico's drop-out rate;
- Expand opportunities for students to enroll in and earn dual/articulated credit courses;
- Illustrate efficacy of consistent use of New Mexico's Next Step Plan;
- Address workforce development and training needs as identified by DWS;
- Increase the likelihood of student attainment of an industry-recognized credential(s);
- Reflect linkages to industry sectors identified as high growth by the Economic Development Department; and

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- Reduce the numbers of remediation courses required by HED reflected by college readiness placement scores indicating a student's insufficient preparation to successfully complete college core coursework.

***Anticipated Cost:*** The Task Force recommends between \$1.0 million and \$2.0 million to fund multiple school sites through a competitive request for proposal (RFP) process developed and administered by the Department of Workforce Solutions (DWS) and the New Mexico Public Education Department (PED). The selection of school sites will consider the equitable distribution of urban and rural schools, and meeting a diversity of regions and industries as needed to impact the economy of the local areas. A proposed budget would include a stipend for a site leader, student work experience stipends, and an administrative allocation pursuant to the indirect cost rates for schools for handling fiscal operations. Reporting would be required on a monthly basis to the apprenticeship education administrator assigned to the pre-apprenticeship program development at PED.

***Implementation:*** New Mexico's pre-apprenticeship program would serve union and non-union apprenticeship programs. New Mexico's pre-apprenticeship program would rely on strongly educational and employer/training institutional (school districts) partnerships. Urban and rural communities within New Mexico would be identified by employment demand and validated need. Three recognized sources would be used to validate need: Workforce Development Boards; occupations in demand in New Mexico reflecting at or above 23 percent growth rate; and occupations identified to be both in demand and able to be addressed within the New Mexico career clusters initiative. DWS and PED would develop an RFP, establish eligibility requirements and provide technical assistance to eligible school districts that wish to respond to the RFP.

***Responsible Party:*** DWS, PED and various school districts.

***Numbers Served:*** \$2.0 million would allow for 3,472 students at multiple school sites to be served.

***Timeline:*** Propose the program in the 2009 legislative session and begin implementation in the summer of 2009.

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## *Work Opportunity Tax Credit*

The Work Opportunity Tax Credit (WOTC) is a federal income tax credit that encourages employers to hire workers from targeted groups that often have difficulty finding meaningful employment: temporary assistance for need families (TANF) recipients, veterans, individuals with criminal convictions, high-risk youth, individuals participating in a DVR individualized employment plan, qualified summer youth employees, food stamp recipients, supplemental security income recipients and long-term family assistance recipients. The credit is for 40 percent of the first \$6,000 of wages paid to an individual in one of the targeted groups. The WOTC is one way to assist individuals in moving from the receipt of public assistance to gainful employment. The WOTC, along with other tax credits, education opportunities and job training programs, can assist individuals with barriers to employment move from unemployment and the receipt of public assistance to entering into gainful employment.

According to the United States Department of Labor, the use of the federal WOTC has increased in recent years. During fiscal year 2005, over 630,000 certifications were issued by state workforce agencies. In New Mexico, DWS reports that between July 1, 2007 and June 30, 2008, there were 12,676 requests to receive the federal WOTC, 4,956 job seekers were certified and hundreds of New Mexico employers were eligible for the credit.

Many states have established state-level tax credit programs to encourage employers to hire individuals with criminal convictions. Such credits can be claimed for an unlimited number of employees, once they have been certified as eligible for the federal WOTC. The state credit would commence once the federal credit has been exhausted, which happens after the employee completes 400 hours of employment. This would encourage retention of individuals from these hard-to-employ target groups.

Some states (such as Maryland) have developed state level tax credit programs similar to the WOTC. These tax credits are available to individuals who have been residents of the state for a certain amount of time, individuals who receive TANF benefits, and individuals who are temporary, seasonal, part-time or full-time employees who have worked for 12 months. An employer may claim this state-level WOTC for an unlimited number of employees. An employer may claim this tax credit along with the WOTC. An employer may not claim the credit if employment lasts less than 12 months or if the employee is also receiving federal or state employment training benefits.

Governor Richardson's Poverty Reduction Task Force recommends creating a new state income tax credit equal to a percentage of the federal WOTC amount for eligible employees who are residents of New Mexico. A state percentage of 10 percent of the federal WOTC would make the combined state and Federal WOTC rate 44 percent of the first \$6,000 of wages paid to an eligible employee. A state percentage of 25 percent would make the combined state and federal WOTC rate 50 percent of the first \$6,000 of wages paid to an eligible employee.



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**Justification:** The WOTC was designed to help individuals from certain groups who consistently have had an excessively high unemployment rate. The actual amount of the WOTC received by the employer depends on several factors, including the target group of the applicant and the amount of wages earned. The tax credit is received by the business that hires these individuals.

**Anticipated Cost:** A state WOTC equal to 10 percent of the federal WOTC amount for eligible employees who are residents of New Mexico would reduce revenues by an estimated \$210,000 each year. A 25 percent state WOTC would reduce revenues by an estimated \$525,000 each year.

**Implementation:** DWS would certify an individual as a qualified New Mexico employment opportunity employee. An individual could obtain certification by obtaining a voucher by visiting the local One Stop Center. The One Stop Center would provide job seekers with a voucher attesting that they are qualified and eligible. An eligible individual would then submit the voucher to a potential employer with an application for employment. In addition, employers or others could obtain voucher forms from DWS and give them to prospective employees. In this case, the potential employee would complete the voucher and would return it to the employer who would submit it to the DWS for verification that the potential employee was a qualified New Mexico work opportunity employee. Employers would claim the state WOTC credit on their state corporate or personal income tax returns.

**Responsible Party:** The Taxation and Revenue Department and the Department of Workforce Solutions.

**Numbers Served:** Anticipated state credit of up to \$240 per employee (if credit is 10 percent of federal WOTC) or up to \$600 (if credit is 25 percent of federal WOTC) would help over 2,500 New Mexicans remain employed.

**Timeline:** Propose the program in the 2009 legislative session and begin implementation in the summer of 2009.

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## *Expand the Adult Basic Education Program*

Adults who do not have a high school degree or a General Educational Development (GED) or who are not fluent in English have severely restricted job opportunities in today's economy. There are 400,000 New Mexicans who fall into this category—who are therefore eligible for Adult Basic Education (ABE) programs—but our 28 ABE sites around the state are able to serve just over 20,000 students, about five percent of the total need. For these adults to move out of poverty, they will need to earn a GED, at least; we therefore need to be able to get access to an ABE program for every New Mexican who wishes it.

**Justification:** New Mexico has a strong network of Adult Basic Education sites, 28 around the state, which reach students at a per-capita cost which is a fraction of the cost either of public education or traditional college education in the state. There are over 400,000 adult New Mexicans who could maximally benefit from ABE (since they do not have a high school diploma

*There are 400,000 New Mexicans who do not have a high school degree or are not fluent in English. These individuals have severely restricted job opportunities in today's economy.*

or they are not fully fluent in English), while our 28 ABE sites around the state serve just over 20,000 students. Staff at the existing sites has not been able to go out into the community to try to reach more of these students because they currently cannot even serve everyone who is already seeking access to ABE programs.

**Anticipated Cost:** ABE has developed a multifaceted budget expansion request of \$8.45 million, which would address the waitlist of 2,500 students, increase services by 10 percent, and then develop additional programs to intensify instruction, address specific workforce needs and do more to transition GED students to college.

An increase of \$1.25 million would enable the ABE program to serve an additional 2,500 students and address the current statewide waitlist for its services, while an additional \$1.25 million would enable it to offer services to another 2,500 students in localities not already served by ABE, mostly rural areas of the state including a number of tribes.

**Implementation Issues:** The existing program infrastructure could handle an increase in the overall budget, though an increase of this magnitude would require some additional staff.

**Responsible Parties:** The Higher Education Department and the network of ABE sites (currently 28).

**Numbers Served:** Up to 5,000 additional students, depending on the level of appropriation increase.

**Timeline:** Propose in the 2009 legislative session with program implementation in July of 2009.

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# FOOD SECURITY: WORK TO REDUCE HUNGER AND FOOD INSECURITY IN NEW MEXICO

## *Problem Statement*

As a direct result of its high poverty rate, New Mexico has one of the highest rates of hunger in the country. One out of six people finds it impossible to put food on the family table consistently. One out of four children is growing up in a home where there sometimes is not enough to eat. Because food is a basic need, the lack of food adversely affects almost every aspect of people's lives. People who experience hunger and malnutrition cannot work or look for work. They cannot participate in education. Their mental and physical health is poor. A very large body of evidence suggests that the annual economic cost of hunger in our country is more than \$90 billion. The human cost is much, much higher.

## *The Current Situation*

In New Mexico, the lack of food is not a problem; it is getting the food to all who need it that is the problem for so many New Mexicans. Many excellent programs already operate in the state to help individuals and families put food on the table. Unfortunately, many citizens who could benefit from these services do not participate in them, either because they do not know about the programs or because they think they earn too much to qualify for them. Others report that they are too intimidated or confused by the application process, or find it difficult to apply at offices that are only open during regular work hours and that may require long wait times to be seen. Parents who are not legal U.S. citizens may not apply for benefits for their eligible children because of fears that it may lead to their deportation. And many individuals are too embarrassed to ask for help because they worry about the stigma of receiving public assistance.

*As a direct result of its high poverty rate, New Mexico has one of the highest rates of hunger in the country. One out of six people finds it impossible to put food on the family table consistently. One out of four children is growing up in a home where there sometimes is not enough to eat.*

Increasing access to affordable foods and food assistance programs is a fundamental strategy for eliminating the problem of hunger in New Mexico. We must work to address all the barriers that prevent individuals from benefiting from programs that could help them and their families. Education, outreach, access to local food resources, access to eligibility offices, and simplified application procedures are all necessary to help New Mexico eliminate food insecurity and hunger.

We have six recommendations to help reduce food insecurity and hunger in New Mexico.

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## *Increase Participation in the Federal Supplemental Nutrition Assistance Program (SNAP) to 80 Percent of all Eligible Individuals Participating*

The Supplemental Nutrition Assistance Program, or SNAP, is the new name for the Food Stamp program. SNAP provides cash to individuals and families that is used to purchase food. This program, which is provided through federal funds, benefits both families and that state as a whole. Individuals and families at 130 percent of poverty are eligible to participate in the program. For a family of three, this is a gross annual income of \$22,332 or \$1,861 a month. SNAP benefits are issued via Electronic Benefit Transfer (EBT) cards, enabling SNAP recipients to access their benefits quickly by purchasing foods at any grocery store.

*In New Mexico, over 50 percent of the recipients of the Supplemental Nutrition Assistance Program are children.*

**Justification:** Nutrition assistance is critical for the health and well-being of New Mexico's low-income families, for which food costs and the cost of living continue to increase, while wages typically do not. This puts an extra burden on low-income families who struggle to put food on their tables. In New Mexico, over 50 percent of the recipients of the SNAP program are children. Nutrition assistance is given through EBT cards that can be used at over 1,000 food stores in the state. Participation in the program often makes the difference between hunger and the adequate nutrition essential to their healthy development.

The SNAP program is also good for the New Mexico's economy. Every \$5 in new food stamp benefits generates \$9.20 in total community spending. Every additional dollar's worth of food stamp benefits generates between 17 and 47 cents of new spending on food. This is because people with food stamps have increased their purchasing power since they can use both food stamps and any additional money they have available to purchase food. As a result, food stamp recipients spend more on food at local retailers than eligible nonparticipants. In addition, state funds spent in the SNAP program generate federal matching funds. In New Mexico individuals who participated in the SNAP program in fiscal year 2008 brought over \$260 million federal dollars into the state to help feed their families and, in doing so, stimulated the economy by spending these federal dollars.

Unfortunately, not all individuals who are eligible for the SNAP program are participating in it. It is estimated that 358,125 people are eligible for SNAP in New Mexico, but only 69 percent are participating. That amounts to over 247,390 people in August 2008 who received food assistance through the SNAP program. Of that number, fifty percent are children. Our goal is to increase the number of New Mexicans participating in the SNAP program to 80 percent by ensuring that all low-income New Mexicans are aware of the program and by making the application process as easy and convenient as possible. The latest figure from 2007 ranks New Mexico as 18<sup>th</sup> in the nation for number of eligible persons who are participating in the food stamp program.

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**Anticipated Cost:** Both federal and state funds are currently available for activities intended to increase SNAP participation. No additional funds are requested.

**Implementation**

There are several initiatives recommended to simplify the SNAP application process, including:

1. Combined Application Program that would allow individuals applying for social security income (SSI) to be automatically enrolled in the SNAP program should they wish to participate.
2. Simplified requirements and less documentation required for the SNAP application.
3. Application interviews conducted by phone instead of face-to-face interviews in HSD, Income Support Division offices.
4. Redesign of office and application procedures to reduce the waiting time in HSD county Income Support Division offices.
5. On-line screening tool to encourage application.

Education and outreach are also needed to increase SNAP participation. The following are just a few suggestions for reaching low-income families who are not currently participating in SNAP.

- Work closely with community partners, including faith-based organizations, at the county level, and train community partners to provide application assistance.
- Conduct “Poverty Simulations” in HSD’s county offices as part of a customer service training for eligibility workers. Poverty Simulations have proven to be effective in training staff to be more empathetic and sensitive to the needs of low-income individuals and families seeking assistance.
- Work with Aging Network to reach low-income senior citizens.
- Use mobile outreach vans to reach rural communities.
- Work with the food banks and participate in the “Put a Fork in Hunger Campaign.”
- Conduct culturally appropriate Tribal outreach on or as close to Native reservations as possible that includes educational materials and marketing in Native languages. For off-reservation communities, outreach should be through established Native American service providers.

**Responsible Party:** The Human Services Department.

**Numbers Served:** 10,735 New Mexicans are estimated to be eligible for SNAP but not participating in the program.

**Timeline:** While an effort to increase SNAP participation is already underway, it is recommended that a more aggressive endeavor begin immediately. As new households become eligible on a continuous basis, the focus on increasing SNAP participation needs to be on-going.

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## *Expand Farmers Market Nutrition Program*

Currently there are 50 farmers' markets, in rural, Tribal and urban New Mexico communities, of which 35 provide access to the Women, Infant and Children (WIC) and Senior Farmers' Market Nutrition Programs. Through these programs, approximately 10,000 WIC participants and approximately 12,000 low-income seniors receive vouchers for fresh fruits and vegetables at New Mexico farmers' markets. To build on these efforts, farmers' markets would like to enable food stamp recipients to purchase fresh New Mexico-grown products using their Electronic Benefit Transfer (EBT) Program cards.

**Justification:** These programs generate health and wealth by expanding food budgets and by ensuring that these dollars help low-income and nutritionally at-risk families and individuals access locally grown farm-fresh products. They also promote the economic health of rural economies by increasing the revenues of family farmers.

**Anticipated Cost:** \$100,000 is needed to establish the Food Stamp EBT program in 10 markets, provide educational and outreach materials to eligible participants and provide transportation from 10 senior centers. \$75,000 is needed to expand the Senior Farmers Market Nutrition Program to senior citizens participating in The Emergency Food Assistance Program (TEFAP). The TEFAP program allows individuals and families with incomes up to 185 percent of the federal poverty level, to receive government purchased foods for free at local food banks and pantries around the state.

**Implementation:** Provide support for the supplies and training to implement the program at farmers' markets and for training and outreach to Supplemental Nutritional Assistance Program (SNAP) participants to use Electronic Benefit Transfer (EBT) cards/tokens at farmer's markets. Increase participation in the Senior Farmers' Market Nutrition Program by providing vouchers for TEFAP senior citizen participants to purchase fresh fruits and vegetables at Farmers Markets. Lastly, provide funding to assist senior centers in transporting low-income seniors to farmers' markets.

**Responsible Party:** The Human Services Department, the Aging and Long-Term Services Department, and the New Mexico Farmers' Market Association.

**Numbers Served:** As of August 2008, there are 99,133 households enrolled in the SNAP program. Expansion of the use of EBT cards in farmers' markets would enable these participants to purchase local fresh fruits and vegetables at farmers' markets. It is believed that several hundred senior citizens could also be served through expansion of the Senior Farmers' Market Nutrition Program via vouchers and transportation.

**Timeline:** Appropriation increases in a given session could lead to increases in services the next fiscal year.

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## *Seed Money to Promote Community Gardens*

Non-profit community service organizations would improve their neighborhoods through community gardens by working with people to foster self-sufficiency through the rewards of gardening, helping families cut their living costs by growing food locally and transforming vacant lots into productive neighborhood garden spaces.

**Justification:** This program would work with local municipalities and nonprofit organizations to implement a wide range of urban greening projects, enhancing our counties and cities.

**Anticipated Costs:** \$100,000 to create 20 community gardens.

Scalable Annual Fund Amount Options	Number of Community Gardens
\$100,000	20 Community Gardens
\$ 80,000	16 Community Gardens
\$ 60,000	12 Community Gardens

**Implementation:** Requests for Proposals would have to be issued for communities to demonstrate interest and ability to establish community gardens, including evidence of community support and plans for sustainability.

**Responsible Parties:** The Human Services Department, New Mexico State University Cooperative Extension and Farm to Table.

**Numbers Served:** 20 community gardens could serve several hundred New Mexicans, depending upon the size of the garden.

**Timeline:** Appropriation increases in a given session could lead to increases in services the next fiscal year.

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## *Expand Food Warehouse*

Each year the state's food banks distribute food worth \$30 million to help put food on the tables of the 340,000 New Mexicans facing hunger each year. Beyond the millions of badly needed meals that are provided, this effort frees up millions of dollars that other non-profit organizations would have to spend on other essential goods and services. Private funds supply the vast majority of the operating costs and food for the statewide distribution of millions of pounds of food each year. Because of a lack of space in the hub warehouse (Roadrunner Food Bank in Albuquerque) the food banks are unable to continue to grow to meet the ever-increasing need for food among New Mexico's low-income citizens.

*A one-time investment in the food system infrastructure will ensure that the system will be able to acquire, store and distribute more food for many years to come.*

**Justification:** HSD operates a food warehouse a few minutes away from Roadrunner Food Bank's current facility. The primary purpose of this HSD facility is to receive, store and distribute free food provided by the government for the majority of the school districts in the state. The availability of these foods makes it financially feasible for school food service operations to supply breakfasts and lunches to students (the majority of whom qualify for free or reduced-price meals). Like Roadrunner's facility, the HSD facility is aging and inadequate in many respects. The benefits of combining a central food bank warehouse with a central HSD warehouse are many:

- Operating cost savings from eliminating duplicate functions,
- Fully developing the capacity of the combined fleet of trucks that would result from the partnership,
- Utilizing capital funding to benefit multiple organizations with one effort,
- Providing a strong, unified warehousing function in times of disaster,
- Leveraging government dollars with private ones, and
- Ensuring the ability to grow as need increases and the population grows in the future.

A one-time investment in the food system infrastructure will ensure that the system will be able to acquire, store and distribute more food for many years to come. While long-term solutions to hunger and poverty are sought and implemented, the need for food will continue to be high. The additional infrastructure will allow a strong and effective private-sector response to that need for 20+ years into the future. Currently, there are no existing state facilities that could be used for this purpose.

**Anticipated Cost:** The total cost for acquisition and renovation of the facility is estimated to be \$15 million. The Task Force is recommending that the state appropriate between \$5.0 million and \$7.5 million and that remaining funding be raised through private donations. This would all be paid from capital outlay, non-recurring dollars. In the longer term, some of this cost could be



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offset with savings in annual operating costs for HSD's warehouse operation if sharing space and expenses proves viable.

***Implementation/Timeline Issues:*** An existing facility—a former wholesale food warehouse—has been located. The 166,000 square foot building is for sale for far less than market cost. Renovation and building acquisition can begin as soon as funds are available.

***Responsible Parties:*** Roadrunner Food Bank and the Human Services Department.

***Number Served/Impact:*** Each year more than 240,000 New Mexicans living all over the state eat food that originally passed through Roadrunner Food Bank's central warehouse. The additional space would allow Roadrunner to expand to reach the additional 100,000 people who go hungry every year because we are unable to reach them. If the linkage and partnership with HSD were to come to fruition, the impact of this project would increase by hundreds of thousands of children benefiting from the school meals that HSD helps make possible.

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## *Expanding Grocery Store Presence in Low-Income Communities*

Like other Americans, New Mexicans are facing a growing crisis from obesity and diabetes that if not reversed, threatens to make this generation of young people the first in our history to have a lower life expectancy than their parents. One cause of this problem is not having convenient access to healthy and affordable food outlets. Research has shown that, in general, the greater distance that one must travel to reach a high quality food store the fewer servings of fresh fruits and vegetables they will eat. And the farther that people must travel to purchase their food, the farther their dollars will travel from their community. The more that local money can be reinvested in local goods and services, the stronger local economies will become.

The lack of healthy food in sparsely-settled rural areas and lower-income urban communities cannot be solved by the private market alone.

**Justification:** High-poverty communities, especially rural and underserved urban areas, lack affordable and healthy food. These communities will benefit from new or revitalized grocery store and food outlet developments, because the stores can contribute to the area's economic development and revitalization, and provide community members with healthy food options such as fresh fruits and vegetables that are not often found at convenience stores and tend to be more expensive. The stores create jobs for local residents, capture dollars currently being spent outside of the community, recycle money into the local economy and increase local gross receipts tax revenue. Like any industry, food stores are in business to make money and will migrate to areas where the profit potential is greatest. A public-private partnership will expand and create businesses, promote local prosperity, and make healthy food available to all.

*New Mexico has 12 non-metro counties with low-food access (50 percent of residents must travel more than 10 miles to a food store) and 6 counties that are considered "food deserts" (100 percent of the residents must travel more than 10 miles).*

According to the Rural Sociological Society, New Mexico has 12 non-metropolitan counties with low-food access (50 percent of residents must travel more than 10 miles to a food store) and six counties that are considered "food deserts" (100 percent of the residents must travel more than 10 miles). A New Mexico 2006 market basket comparison found that food in smaller rural stores is as much as 70 percent more expensive than the same food purchased in large, metro-area supermarkets, and that the availability of fresh produce is considerably less.

**Anticipated Costs:** Use existing micro-credit, Community Development Loan funds, and other economic development loan funds.

**Implementation:** Direct the state agencies responsible for these loan funds to assess the feasibility of food store businesses in the 18 counties with low-food access and actively market the availability of loan products for these businesses.

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***Responsible Parties:*** The State Investment Council and the Small Business Investment Corporation, the Economic Development Department and the New Mexico Finance Authority.

***Number Served/Impact:*** Dependent on feasibility of these business loans. If a new food store is brought into a community, residents benefit from access to higher quality and more affordable foods and new jobs.

***Timelines:*** Initiative can be started without an appropriation or legislation.

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## *Expand the Farm to School Program*

Encourage more schools to partner with local farmers to provide food for the schools to help New Mexico's economy and provide nutritious food items to local school districts. The cost of school meals includes staffing the preparation of meals, supplies and infrastructure, as well as the food. New Mexico school food service directors have approximately \$1.80 to work with per plate, of which less than \$1 is available for the food. The food must meet USDA and state nutrition standards, making it difficult to provide food of sufficient quality to meet children's nutritional needs. The goals are to encourage our state's young people to develop a lifetime of healthy eating habits, strengthen our farm and ranch economies, preserve our environment, and reduce the cost of treating diet-related illnesses.

The threat to the future health of our children from a poor diet has never been greater. Like other children across America, the percentage of New Mexico's children who are obese and overweight (24 percent of the state's high school students) is growing. According to the Robert Wood Johnson Foundation, the risk of being diagnosed with Type 2 Diabetes is now 30 percent for boys and 40 percent for girls, and is even higher for Hispanic and Native American children. Unfortunately, only a quarter of children ages 2 to 11 consume even three servings of fruits and vegetables a day.

***Justification:*** Close to 210,000 New Mexico children participate in the free or reduced-price school meal program. Lower income children like these eat less produce due in part to its relatively high price – the cost of fresh fruits and vegetables has increased by 40 percent in the last 15 years compared to a 20 percent decrease for high sugar and fat snack foods. Schools receive a federal reimbursement for food equal to only \$1 per meal. When combined with the high level of food inflation of five percent, schools cannot afford to purchase additional quantities of healthy food.

*Only one quarter of children ages 2 to 11 consume three servings of fruits and vegetables a day.*

A survey of 150 New Mexico farmers found that 64 percent would like to sell to schools; the same survey also found that schools enrolling 185,000 New Mexico school children would like to buy from local farmers. If all New Mexico consumers purchased only 15 percent of their food from the state's farmers and ranchers, it would increase annual farm income by \$392 million. Recently, a successful pilot project was administered in Albuquerque.

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**Anticipated Costs:** \$170,000 to purchase local fruits and vegetables for 12,000 school children. Eventually \$6 million is needed to serve all school children with local fruits and vegetables.

Scalable Annual Fund Amount Options	Number of Children Served
\$ 170,000	12,000s
\$ 340,000	24,000
\$ 510,000	36,000
\$ 680,000	48,000

**Implementation Issues:** There are no implementation issues.

**Responsible Parties:** Public Education Department, New Mexico State University Cooperative Extension, Farm to Table

**Number Served:** 12,000 school children

**Timelines:** Appropriation increases in a given session could lead to increases in services the next fiscal year

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## **ACKNOWLEDGEMENTS**

This report was prepared by staff from the Taxation and Revenue Department, the Human Services Department, the Workforce Solutions Department, the Department of Higher Education and the Department of Indian Affairs.

Staff members who made important contributions include: Stephanie Lenhart, Jim Nunns, Jeanne Flannery, Cecily Trujillo, Marlena Taylor, Katie Falls, Fred Sandoval, Jane McGuigan, Mary Oleske, Terrelene Massey, Sharilyn Roanhorse-Aguilar, Daniela Glick, Bernie Teba, Richard Chavez, Marisol Atkins, Christina Stick, Judy Suina, Ben Fletcher, Tashina Banks-Moore, Matthew J Martinez, Tashina Banks-Moore and Pam Etre-Perez.

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## **POVERTY REDUCTION TASK FORCE MEMBERS**

### ***Co-Chairs***

Rick Homans, Cabinet Secretary Designee, Taxation and Revenue Department

Susan Tiano, Professor of Sociology and Interim Director, Latin American and Iberian Institute, University of New Mexico

### ***Public Members***

Mark Allison, Executive Director, Supportive Housing Coalition

Charles Becknell, Reverend, Southern Christian Leadership

Robin Brule, Executive Director, Central New Mexico Foundation

Chris Chavez, Executive Director, New Mexico Federation of Labor

Stacey Cox, Chief Executive Officer, Community Action of Southern New Mexico

Mary Garcia, Executive Director, Albuquerque Indian Center

Ruth Hoffman, Lutheran Advocacy Ministry

Mike Loftin, Executive Director, Homewise

Susan Loubet, Member, New Mexico Women's Agenda

Greg Ortiz, Vice Chairman, All Indian Pueblo Council

Allen Sanchez, Director, New Mexico Conference of Catholic Bishops

Richard Santos, Professor, Department of Economics, University of New Mexico

Dr. Carol Spencer, President, San Juan College

Robert Stack, President and Chief Executive Officer, Community Options, Inc.

Melody Wattenbarger, Executive Director, Roadrunner Food Bank

Sharon Welsh, Executive Director, Santa Fe Community Housing Trust

### ***State Agency Members***

Harold Bailey, Executive Director, Office of African American Affairs

Reed Dasenbrock, Cabinet Secretary, Higher Education Department

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David Martinez, Division Director, Children, Youth and Families Department

Betty Doris, Cabinet Secretary Department of Workforce Solutions

Pam Hyde, Cabinet Secretary, Human Services Department

Glenn Smith, Executive Director, Workers Compensation Administration

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Marlena Taylor, Taxation and Revenue Department

Cecily Trujillo, Governor's Fellows Program



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## **APPENDIX A: EXECUTIVE ORDER 2008-025**



# State of New Mexico

## *Office of the Governor*

Bill Richardson  
*Governor*

### EXECUTIVE ORDER 2008-025

#### CREATING THE GOVERNOR'S TASK FORCE ON POVERTY REDUCTION

**WHEREAS**, one in every six New Mexicans and nearly one in every four children in New Mexico now lives in poverty;

**WHEREAS**, the gap between rich and poor is at historic levels in this state and across the nation;

**WHEREAS**, nationally 20 percent of working men and 29 percent of working women in full-time jobs do not earn enough to raise their families out of poverty, and many work multiple jobs to keep pace with the rising cost of basic necessities;

**WHEREAS**, students living in poverty are at greatest risk for having low school achievement and dropping out;

**WHEREAS**, families need an income of about twice the federal poverty level to meet their basic needs including food, shelter, transportation and health care;

**WHEREAS**, purchasing or renting affordable and safe housing has been found to be one of the most commonly identified needs in communities throughout the state and the supply of affordable housing is diminishing in New Mexico;

**WHEREAS**, workers and their families - particularly children - should have the opportunity to meet basic needs, be prepared for success, and save for the future;

**WHEREAS**, reducing poverty would allow more people to contribute to the economic and civic life of our communities and would improve the overall quality of life within our communities;

**WHEREAS**, multiple state agencies bear the responsibility of serving those in poverty;  
and

**WHEREAS**, reducing poverty requires collaboration among state agencies, local governments, the private sector, and service providers.

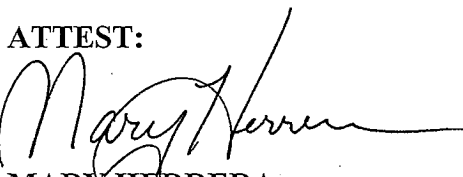
**NOW THEREFORE**, I Bill Richardson, Governor of the State of New Mexico, by virtue of the authority vested in me by the Constitution and the laws of the State of New Mexico, do hereby establish the Governor's Task Force on Poverty Reduction ("Task Force") as follows:

1. The purpose of the Task Force shall be to develop specific recommendations for legislative, regulatory, and infrastructure initiatives to reduce poverty and income inequality in New Mexico with a focus on short term as well as long term policies. The Task Force shall research and consider: strategic initiatives to address hunger, housing and child care needs; adequate compensation and a fair minimum wage; tax credit changes to encourage work and reward work effort; more equitable eligibility requirements for unemployment benefits; easing access to higher education and promoting completion; and creating better employment opportunities for all New Mexicans.
2. The Task Force shall be co-chaired by Rick Homans, Secretary of the Taxation and Revenue Department and Susan Tiano, Professor of Sociology at the University of New Mexico. The Governor shall appoint the remaining members of the Task Force as follows:
  - a. One member shall be the Cabinet Secretary of the Human Services Department, or designee;
  - b. One member shall be the Cabinet Secretary of the Children, Youth, and Families Department, or designee;
  - c. One member shall be the Cabinet Secretary of the Indian Affairs Department, or designee;
  - d. One member shall be the Director of the Office on African American Affairs, or designee;
  - e. One member shall be the Cabinet Secretary of the Department of Workforce Solutions, or designee;
  - f. One member shall be the Director of the Workers' Compensation Administration, or his designee or designees; and
  - g. One member shall be the Cabinet Secretary of the Higher Education Department, or designee; and
  - h. A representative group of public members, taking into consideration experience and knowledge related to hunger and food security, child care, rental housing and homeownership, energy assistance, fair wages, unemployment insurance, tax credits, higher education affordability and completion, jobs, training, and consumer protection.

2. The Human Services Department and the Taxation and Revenue Department shall provide administrative staff and support to the Task Force.
3. The term of each member shall be from the date of appointment until twenty (20) days after the adjournment of the next regular session of the Legislature in 2009, unless otherwise determined by the Governor.
4. The Task Force shall convene at least three times, but may convene as frequently as necessary to accomplish the objectives of the Task Force.
5. The Task Force shall consult with public and private individuals, experts, and other entities as deemed necessary for the development of its recommendations and shall consider input from the general public in the development of any proposals.
6. The Task Force shall prepare and present recommendations for the Governor's consideration no later than September 5, 2008, unless otherwise directed by the Governor.
7. The Task Force shall be an advisory body that makes recommendations to the Governor and in no event shall it make final decisions regarding policy.
8. Task Force members shall serve voluntarily and shall receive no pay for their services, nor shall they be reimbursed for travel or subsistence expenses, unless otherwise provided by law.

**THIS ORDER** supersedes any other previous orders, proclamations, or directives in conflict. This Executive Order shall take effect immediately and shall remain in effect until such time as it is rescinded by the Governor.

**ATTEST:**



**MARY HERRERA**  
**SECRETARY OF STATE**

**DONE AT THE EXECUTIVE OFFICE THIS**  
**28<sup>TH</sup> DAY OF MAY, 2008**

**WITNESS MY HAND AND THE GREAT SEAL**  
**OF THE STATE OF NEW MEXICO**



**BILL RICHARDSON**  
**GOVERNOR**

