

# Presentation to New Mexico Turnaround Conference

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# What is the “State of the State” of New Mexico?

- I’ll present just the facts;
- For starters, New Mexico is part of the United States. That means we are facing some serious problems:
- Unfunded liabilities from Medicare and Social Security add up to \$99.2 trillion;
- Medicare started running annual deficits last year and these will only grow unless the program is reformed;

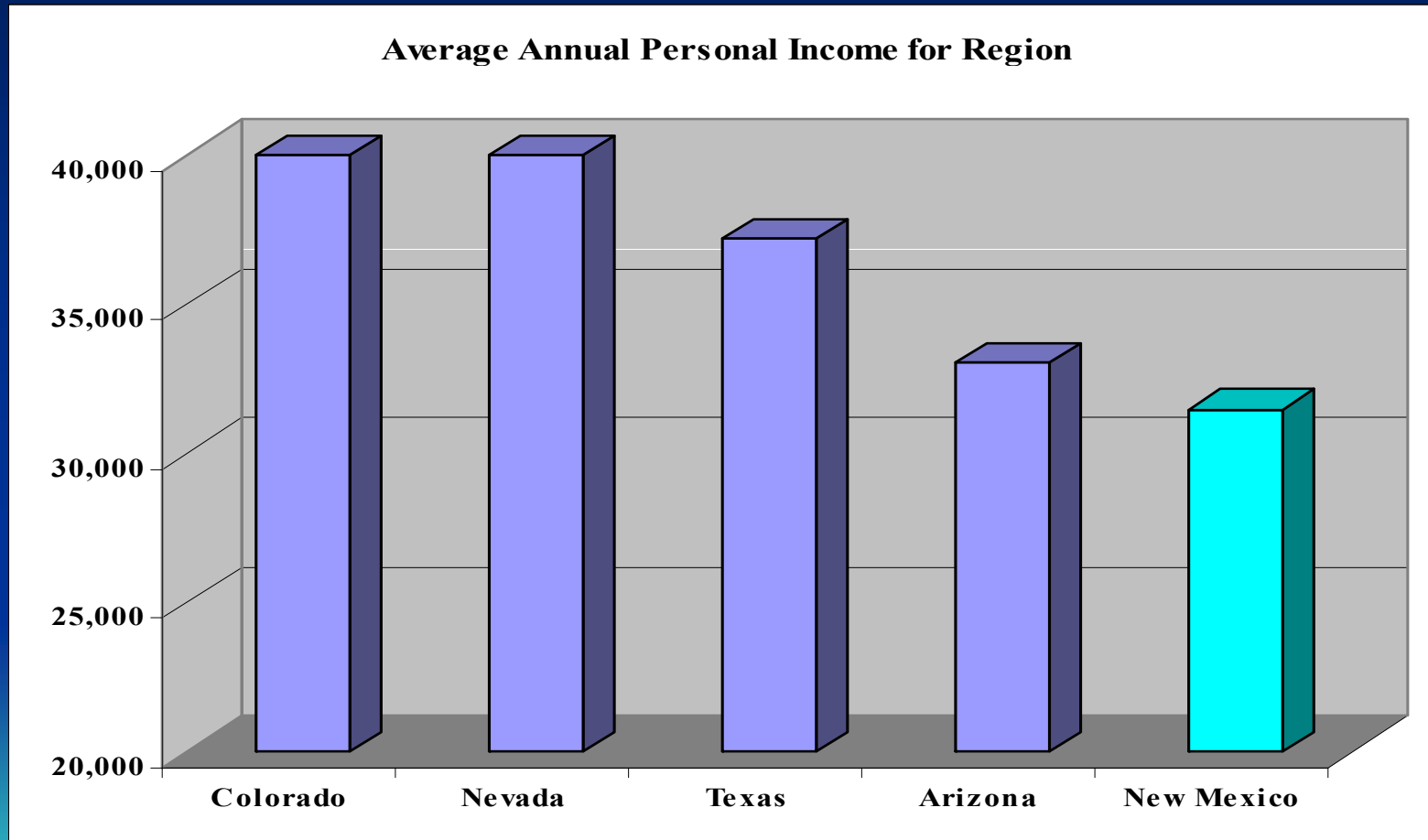


# New Mexico is **THE** most reliant state on the federal government

State	Federal Spending per Dollar of Federal Taxes	Rank
<u>New Mexico</u>	\$2.03	1
Mississippi	\$2.02	2
Alaska	\$1.84	3
Oklahoma	\$1.36	15
Arizona	\$1.19	21
Utah	\$1.07	29
Texas	\$0.94	35
Colorado	\$0.81	41
Nevada	\$0.65	49



# New Mexico Lags the Region in Personal Income



# On a National Basis...

<u>State</u>	<u>Per Capita Personal Income</u>	<u>Rank</u>
<b>Idaho</b>	<b>\$32,133</b>	<b>43</b>
<b><u>New Mexico</u></b>	<b>\$32,091</b>	<b>44</b>
<b>South Carolina</b>	<b>\$31,884</b>	<b>45</b>
<b>Kentucky</b>	<b>\$31,826</b>	<b>46</b>
<b>Arkansas</b>	<b>\$31,226</b>	<b>47</b>
<b>West Virginia</b>	<b>\$30,831</b>	<b>48</b>
<b>Utah</b>	<b>\$30,291</b>	<b>49</b>
<b>Mississippi</b>	<b>\$29,569</b>	<b>50</b>

# Poverty Rate

<u>State</u>	<u>% Population in Poverty</u>
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Mississippi	21.1%
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Louisiana	19.0%
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<u>New Mexico</u>	18.5%
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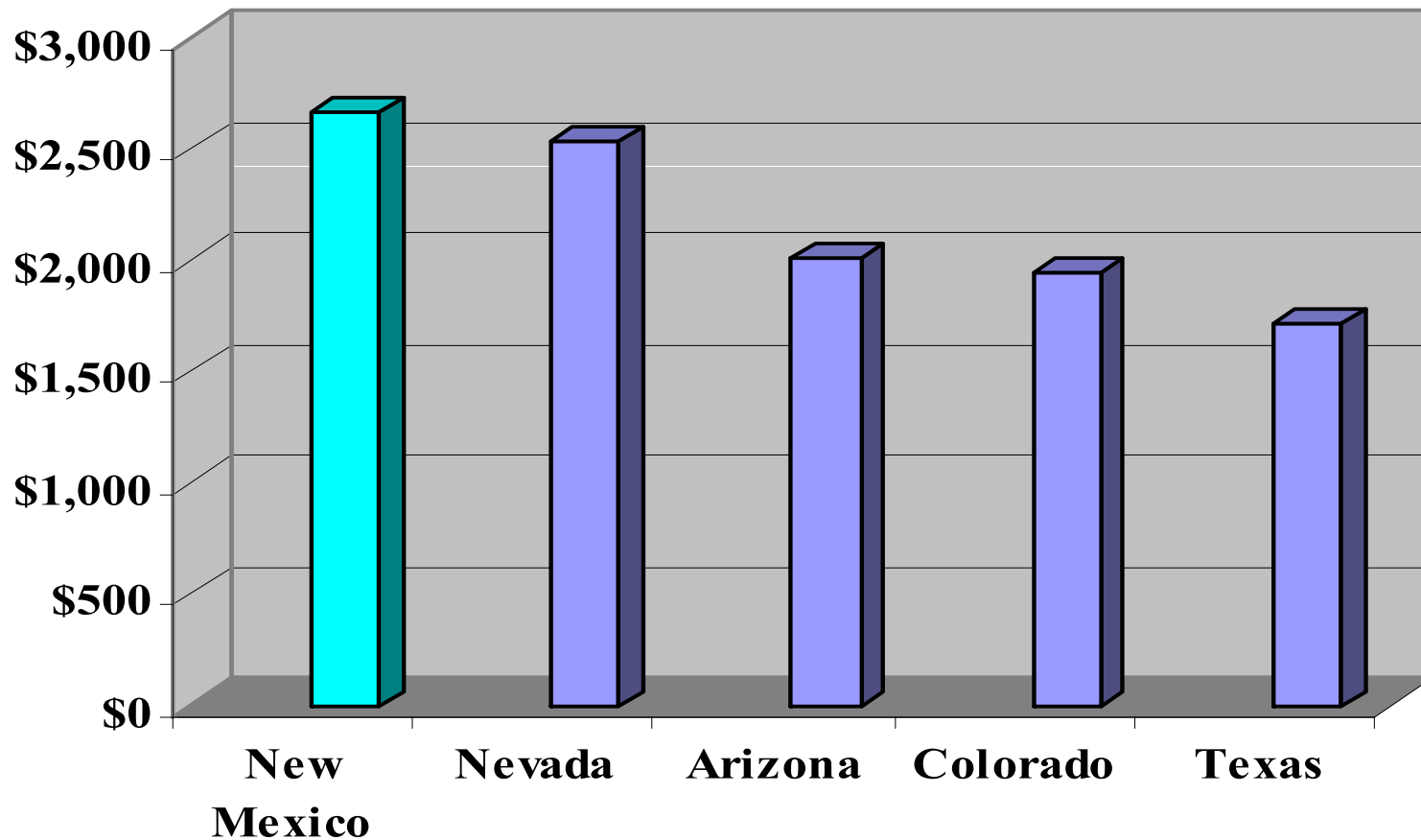
Arkansas	17.3%
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West Virginia	17.3%
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# But Surpasses it in State Spending

State Spending Per Capita Among Region



# State Government Employees Per 100 Private Sector Employees

<u>State</u>	<u>State Employees Per 100 Private Sector</u>	<u>Rank</u>
Hawaii	13.78	1
Alaska	9.87	2
<u>New Mexico</u>	9.73	3
Delaware	8.14	4
North Dakota	7.98	5





# Percent of those under 65 with Medicaid or Public Coverage

<u>State</u>	<u>Percentage</u>	<u>Rank</u>
Maine	23%	1
Mississippi	22%	2
Vermont	22%	3
New Mexico	21%	4
West Virginia	21%	5



Education: Just another (socialized)  
area of the economy



# Per Capita State and Local Education Spending

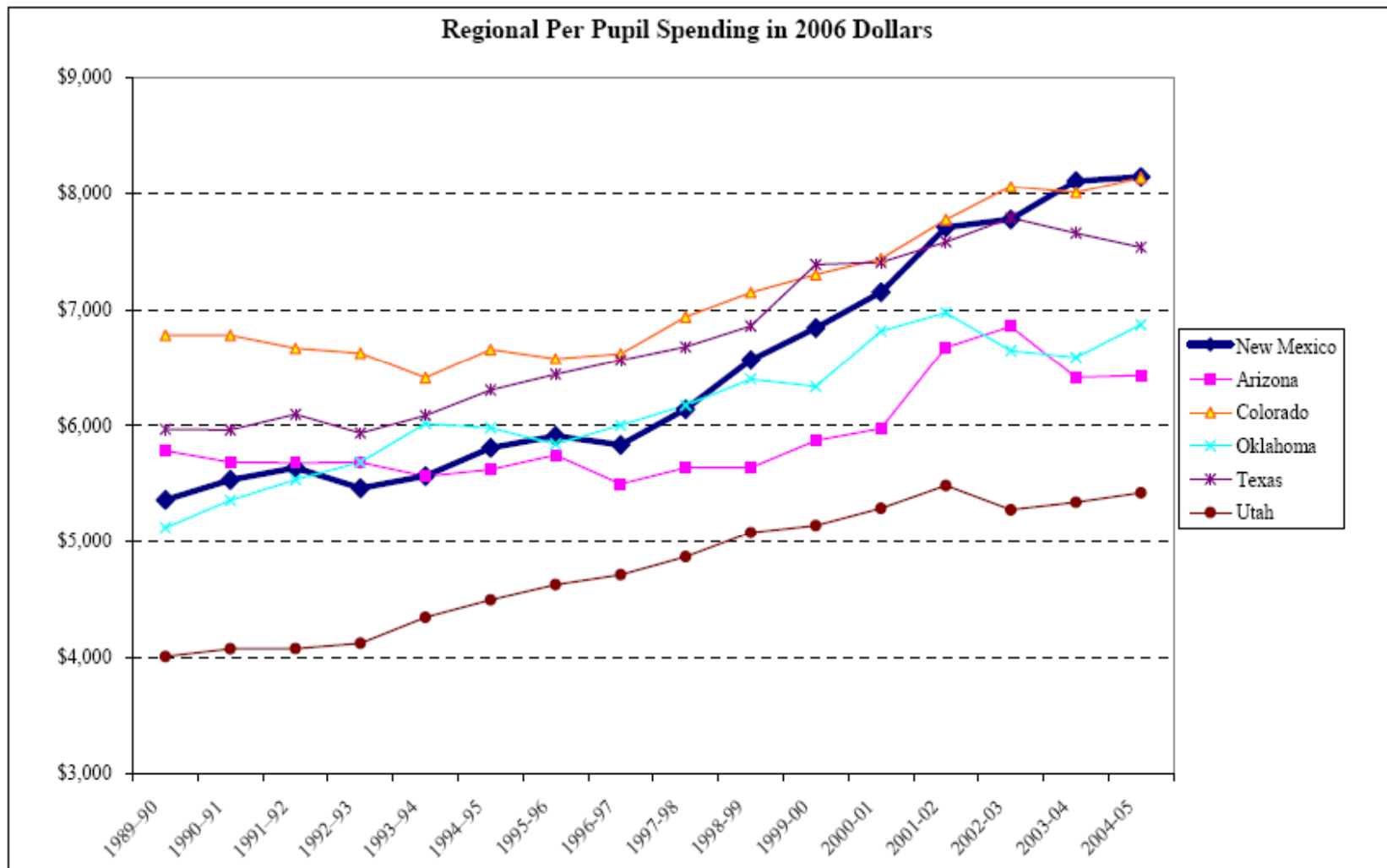
<u>State</u>	<u>Spending</u>	<u>Rank</u>
Alaska	\$ 3,666	1
Wyoming	\$ 3,287	2
Vermont	\$ 3,252	3
New Jersey	\$ 3,185	4
Delaware	\$ 3,100	5
New York	\$2,962	6
Connecticut	\$2,833	7
<u>New Mexico</u>	<u>\$2,669</u>	<u>8</u>

Source: Public Policy Institute of New York State



# New Mexico Already Spends A lot on Education

Figure 8: Growth of Per Pupil Spending in New Mexico Compared to States in the Region



# State Graduation Rates

<u>State</u>	<u>Graduation Rate</u>	<u>Rank</u>
Georgia	58.1%	46
District of Columbia	57.6%	47
South Carolina	55.6%	48
Louisiana	54.7%	49
<u>New Mexico</u>	54.1%	50
Nevada	45.4%	51



# One Problem is too much Bureaucracy!

- The five states with the highest student standardized test scores—Massachusetts, New Hampshire, Vermont, Minnesota and Connecticut—spent on average just over 64 percent in the classroom.
- The five worst-scoring states—Louisiana, Alabama, Mississippi, New Mexico and the District of Columbia—spent on average 59.5 percent.



# Solutions

- Don't raise taxes in tough times;
- Reduce spending in order to solve current budget deficit, specifically by reducing size of government bureaucracies (including education) and tackling out-of-control Medicaid program;
- Reform education (a robust program of education tax credits would be a good start);
- Once the economy turns around, consider eliminating state personal income tax.





# RIO GRANDE FOUNDATION

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