



7th Annual

Family Impact Seminar



January 2012

Briefing Report

**The Continuing Recession:
*Impact on Economic Security for Families***

The New Mexico Family Impact Seminar
is a service project for the New Mexico Legislature

provided by:

The Department of Extension Family and
Consumer Sciences and The Department of Family
and Consumer Sciences in the College of
Agricultural, Consumer and Environmental Sciences
at New Mexico State University

**NMSU Albuquerque Center
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Albuquerque, New Mexico**

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Purpose and Presenters

The Continuing Recession: *Impact on Economic Security for Families* is the topic for New Mexico State University's seventh annual Family Impact Seminar. Family Impact Seminars do not lobby for particular policies. Instead they provide up-to-date, objective and nonpartisan solution-oriented research information on current issues that affect families. The Family Impact Seminars are intended for state legislators and their aides, Governor and Lieutenant Governor's Office staff, legislative service agency personnel, and state agency representatives. Briefing Reports supplement the seminars.

One of the ultimate goals of the Departments of Family and Consumer Sciences and Extension Family and Consumer Sciences in the College of Agricultural, Consumer, and Environmental Sciences is to enhance the quality of life for families in New Mexico. To this end, we bring the Family Impact Seminar to New Mexico

The Continuing Recession: *Income Inequities*

Jeanne Hogarth, Ph.D. is the manager for the Consumer Research Section of the Division of Consumer and Community Affairs at the Federal Reserve Board. Jeanne received a BS in education from Bowling Green State University and an MS and PhD in family and consumer economics from The Ohio State University. Prior to joining the Board in 1995, she taught high school for 7 years in Ohio, served a year on the Extension faculty at the University of Illinois, and spent 13 years on the consumer economics Extension faculty at Cornell University. At the Federal Reserve Board, she is responsible for research initiatives related to consumer financial services. Her recent projects include initiatives on consumers' access and use of banking services, the effectiveness of financial education efforts, and consumer testing for comprehension and usability of disclosure notices. She also was responsible for the Board's consumer education outreach function prior to its transfer to the Consumer Financial Protection Bureau. She is the author of numerous scholarly research articles as well as consumer education resources on financial management. Both her research and her consumer education programs have received awards for their excellence.

The Continuing Recession: *Single Parent Families*

Jennifer Romich, Ph.D. is an Associate Professor of Social Welfare at the University of Washington. She holds bachelor's and master's degrees in economics and a PhD in Human Development and Social Policy from Northwestern University. Romich is the Associate Director of the West Coast Poverty Center and an active member of the University of Washington's Center for Studies of Demography and Ecology. She teaches policy and policy practice classes. Romich studies resources and economic in families, with a particular emphasis on low income workers, household budgets and families'

interactions with public policy. Her recent poverty-related projects include ongoing research into effective marginal tax rates created by means-tested benefit schedules and the tax system; a study of the effects of highway tolls on low-income households; research into financial services used by low-income consumers; and a mixed-methods investigation of income of families involved with the child welfare system.

The Continuing Recession: *Family Structure and the Economy*

Jim Peach, Ph.D. is Regents Professor of Economics and International Business at New Mexico State University where he has been a member of the faculty since 1980. Prior to his arrival at NMSU, Peach served as a consultant to the U.S. Agency for International Development in Bangladesh and taught at Southwest Texas State University. Peach is a former editor of the *Journal of Borderlands Studies* (1986-1995). He has served as president of the Rocky Mountain Council on Latin American Studies (1989), the Association of Borderlands Studies (2000), the Association for Evolutionary Economics (AFEE) and the Western Social Science Association (WSSA). His research interests include macroeconomics and policy, energy, economic development, income distribution and demography. Much of his research has been focused on U.S.-Mexico economic relations and the development of the U.S.-Mexico border region. He is widely published and makes many presentations on the state of the economy. In 2009, he published a book titled *Economic Abundance*. He is currently the principal investigator on a U.S. Department of Energy project.

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Visit our website at: <http://aces.nmsu.edu/ces/familyimpactseminar>. For further information on bringing a family perspective to policy making, see the Policy Institute for Family Impact Seminars website at: www.uwex.edu/ces/familyimpact/wisconsin.htm.

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Dr. Jeanne Hogarth, Dr. Jennifer Romich and Dr. Jim Peach for sharing their expertise via their seminar presentations and briefing report articles, so that we might improve the quality of life for persons living in New Mexico.

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The Family Impact Seminar Advisory Committee for providing guidance regarding the establishment of the Family Impact Seminar:

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Cynthia Osborne, Ph.D.
Associate Professor
LBJ School of Public Affairs
University of Texas at Austin

Kristen Shook Slack, Ph.D.
Professor and Director
School of Social work
Assistant Director, The Policy Institute for Family Impact Seminars
University of Wisconsin-Madison

The Continuing Recession: Impact on Economic Security for Families

In economics, a **recession** is a general slowdown in economic activity. During recessions, many macroeconomic indicators vary in a similar way. Production, as measured by gross domestic product (GDP), employment, investment spending, capacity utilization, **household incomes**, business profits, and inflation all **fall**, while **bankruptcies and unemployment rates rise**.

During the recession of 2007-2010, rates of poverty and low-income status increased. The percent of the U.S. population living in poverty grew to 15.1% in 2010 from 14.3% in 2009 (U.S. Census Bureau, 2011). However, the overall rate of poverty obscures higher rates within particular groups. For example, the poverty rate for families headed by single mothers was 40.7% in 2010.

When a recession continues over an extended period of time, there is an erosion of everyone's assets. For low income families who do not have many assets in the first place, the erosion of what they do have places families at risk. Historically, New Mexico has been a dichotomy with very high tech/educated areas in Los Alamos, Sandia National Labs, White Sands, and support industry on the one side and the very low income, isolated indigenous populations on the other. The continuing recession has created a new layer of low income families.

A well-defined standard of need such as the Basic Economic Security Tables (BEST) can reveal gaps between typical New Mexico incomes and economic security. These gaps suggest which workers within the state are most likely to thrive and which live farthest from economic security. The distance typical workers find themselves from security has great implications for state and local communities. Workers able to afford basic necessities and invest in themselves and their communities by saving are much more likely to enjoy lifelong economic security and begin a cycle of prosperity for future generations. **Those who fall short are likely to remain vulnerable to future economic instability and pass that instability on to their children and tomorrow's workers.**

Single mothers in New Mexico are disproportionately lower income, and struggle to attain components of security. In 2009, over 40% of New Mexico families living in poverty were headed by single mothers (U.S. Census Bureau, 2010). Because a second worker adds less to total family expenses than he or she brings into the household, the typical two-income family lives closer to economic security than the typical single-earner family. This is true even if the second worker earns the minimum wage in New Mexico, which is \$7.50 per hour.

Rising costs, rising unemployment and stagnant wages have all contributed to increasing gaps between incomes and economic security. The economic security gap suffered by single women raising children is further widened, however, by occupational segregation and caregiving.

Nationwide, 49% of women work in services, sales and low-level administrative positions, the largest employers of minimum and low-wage employees. In 2009, median annual women's wages in these occupations ranged from \$21,736 to \$31,304, well below BEST Indexes for families including more than one child, regardless of the New Mexico county of residence (U.S. Bureau of Labor Statistics, *Highlights of Women's Earnings*, 2008).

According to the New Mexico Department of Workforce Solutions, 32% of new jobs created by 2019 will require at least some postsecondary education. Approximately 8% will require vocational training or an associate's degree, and an additional 6% will require long-term on-the-job training. Such positions will provide the best opportunities for many of New Mexico's current low- and moderate-income workers to move toward or attain economic security. Present statistics show approximately 20% of the adult population has not completed high school and another 20% has only completed high school.

Low-income families have been discouraged from accumulating assets by restrictive asset eligibility tests in most public assistance programs; these tests force low-income families to maintain a very low level of asset ownership to remain eligible for public benefits. (Nam, Ratcliffe, & McKernan, 2008; Sherraden, 2001).

Despite assets' potential benefits, there have been few public policies aimed at asset building among low- and moderate-income families. Traditional asset-building policies are mostly tax-based (e.g., tax exemptions or tax credits). Examples include tax exemptions on mortgage interest, retirement savings (e.g., Individual Retirement Accounts and 401(k) plans) and college education accounts (529 College Saving Plans). Under these policies, middle-income and high-income families are more likely to benefit than low-income families. At the same time, the long term effects of the recession have placed many moderate and higher income families in jeopardy of maintaining assets.

Below are three measures to determine improvement in economic security for families in New Mexico:

- Percentage of households that are struggling with hunger.
- Percentage of unemployed workers receiving unemployment insurance.
- Percentage of unbanked—people without checking or savings accounts.

When these measures move in the right direction, we'll know that there is greater economic security and opportunity for families facing tough times in New Mexico.



Income Inequities

Income, Wealth, Mobility, & Economic Security

Jeanne M. Hogarth
Federal Reserve Board

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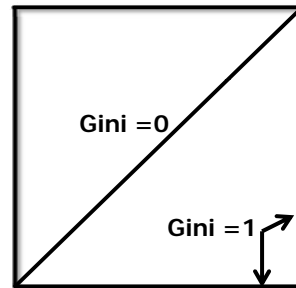
Outline for today

- ^ Income patterns**
- ^ Wealth patterns**
- ^ Economic mobility**
- ^ Issues to consider**
- ^ Caveat: some data don't capture the recession**



How do we measure inequality?

- ▲ Shares of income by quintile
 - Bottom 20%, next 20%, etc.
- ▲ Gini coefficient
 - Number between 0 and 1; lower is more equality
- ▲ Consider transfers
- ▲ Effect of taxes



Sources of inequality

- ▲ Degree of urbanization
- ▲ Skill distribution
- ▲ Education
- ▲ Immigration

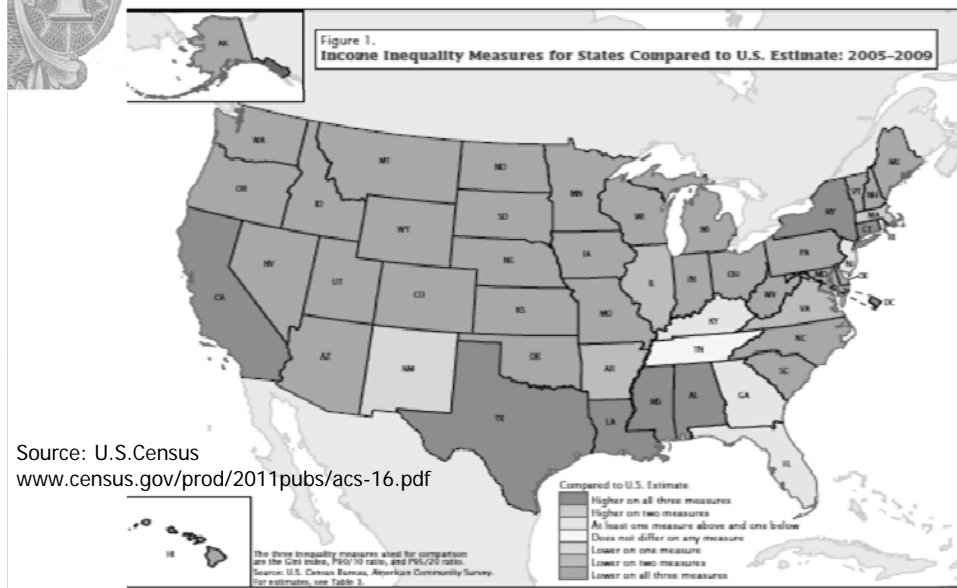


Consequences of inequality

- ▲ Local economic growth lags
 - Slower income & population growth
- ▲ Crime rates
- ▲ Satisfaction & happiness



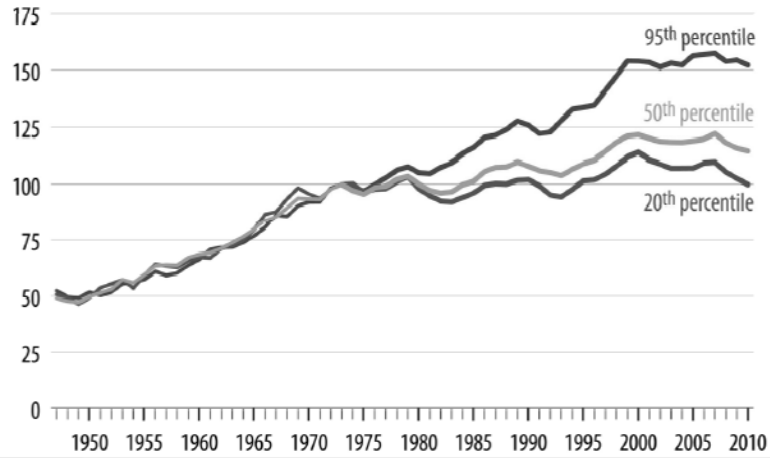
How does NM fare?





Income trends

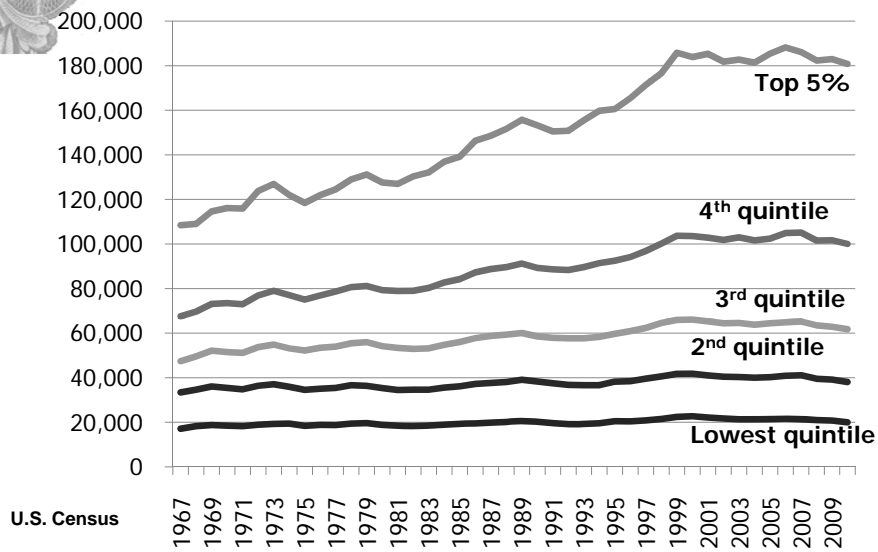
Index of real family income at select percentiles each year (as a percent of 1973 level)



Source: U.S. Census Bureau



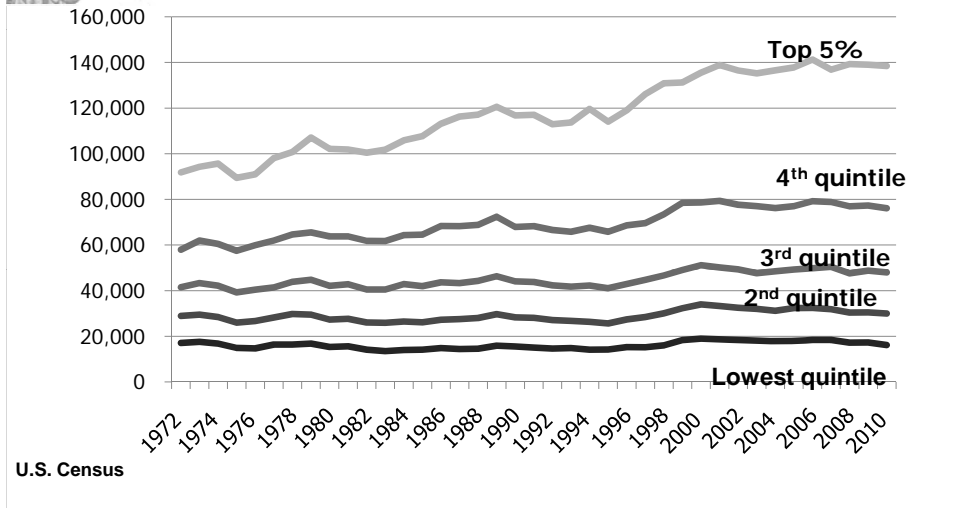
Income trends – all households (2010 constant \$)



U.S. Census



Income trends for Latinos (2010 constant \$)

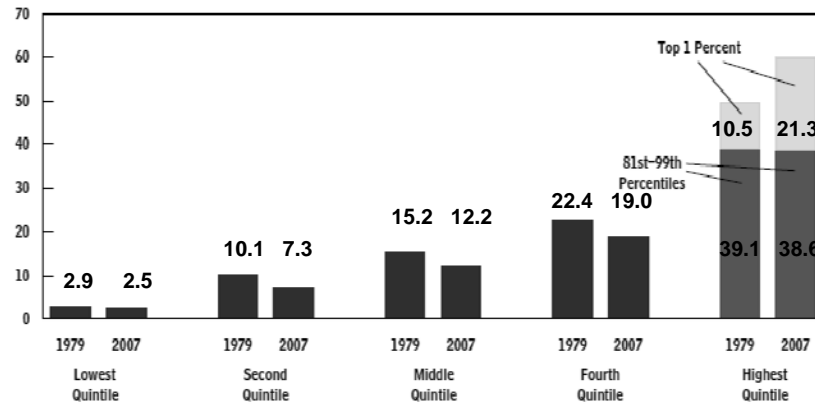


Income distribution

Summary Figure 2.

Shares of Market Income, 1979 and 2007

(Percent)



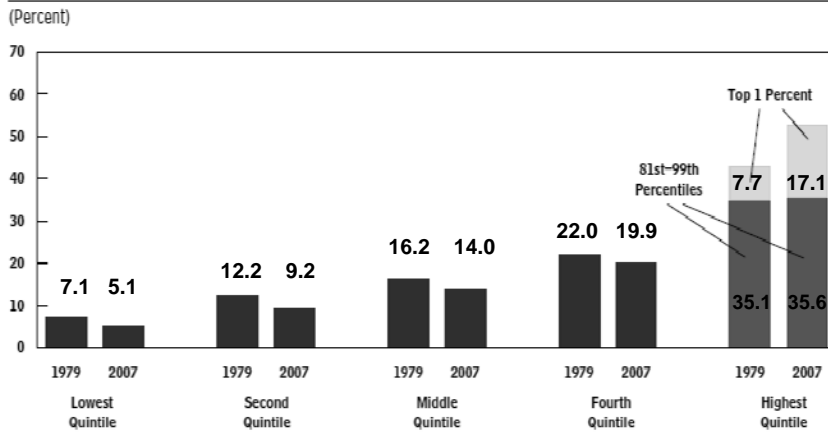
Source: Congressional Budget Office , <http://www.cbo.gov/ftpdocs/124xx/doc12485/10-25-HouseholdIncome.pdf>



Income distribution

Summary Figure 3.

Shares of Income After Transfers and Federal Taxes, 1979 and 2007

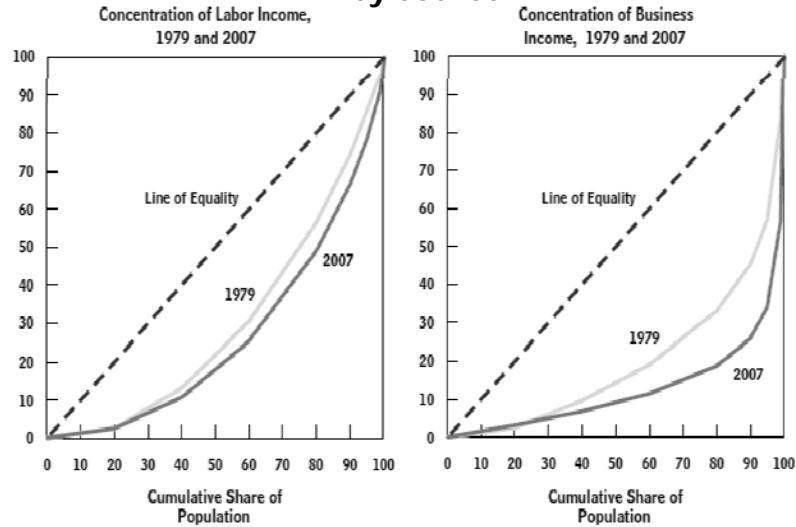


Source: Congressional Budget Office , <http://www.cbo.gov/ftpdocs/124xx/doc12485/10-25-HouseholdIncome.pdf>



Income concentration

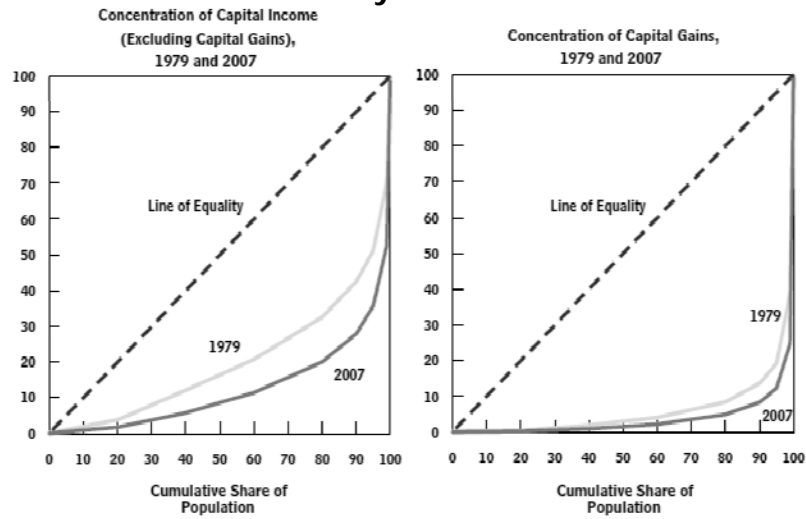
by source



Source: Congressional Budget Office , <http://www.cbo.gov/ftpdocs/124xx/doc12485/10-25-HouseholdIncome.pdf>



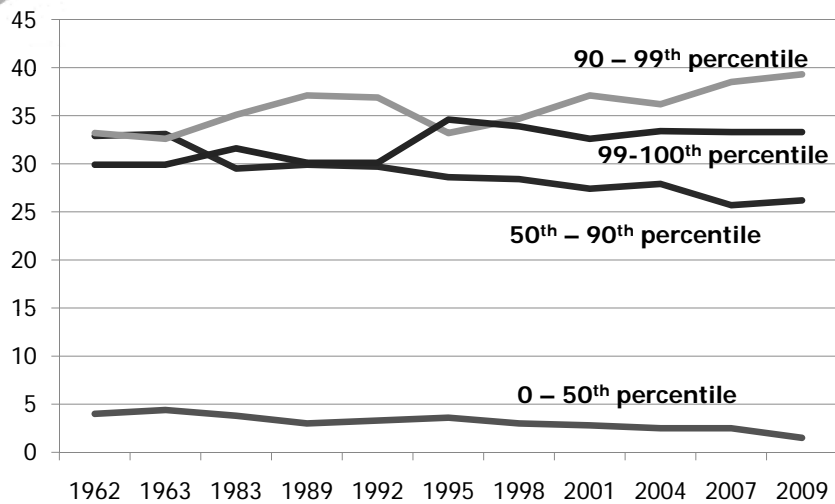
Income concentration by source



Source: Congressional Budget Office, <http://www.cbo.gov/ftpdocs/124xx/doc12485/10-25-HouseholdIncome.pdf>



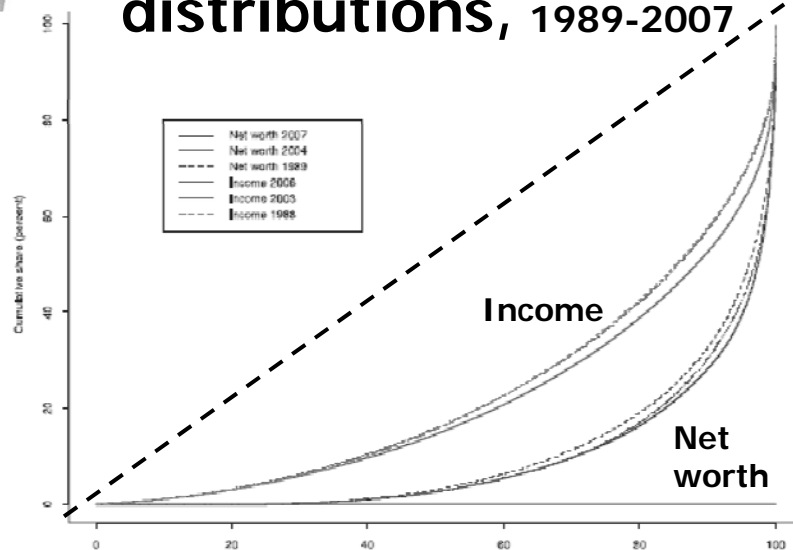
Wealth trends shares of wealth by percentile



Source: Survey of Consumer Finances



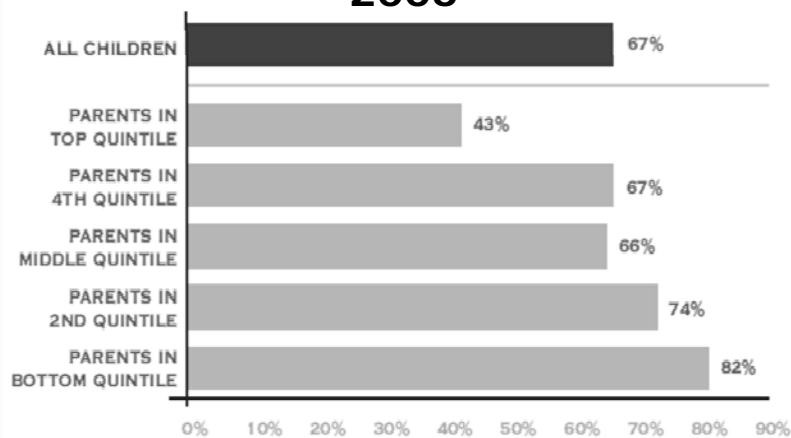
Income & net worth distributions, 1989-2007



Source: FEDS paper,
<http://www.federalreserve.gov/pubs/feds/2009/200913/200913pap.pdf>



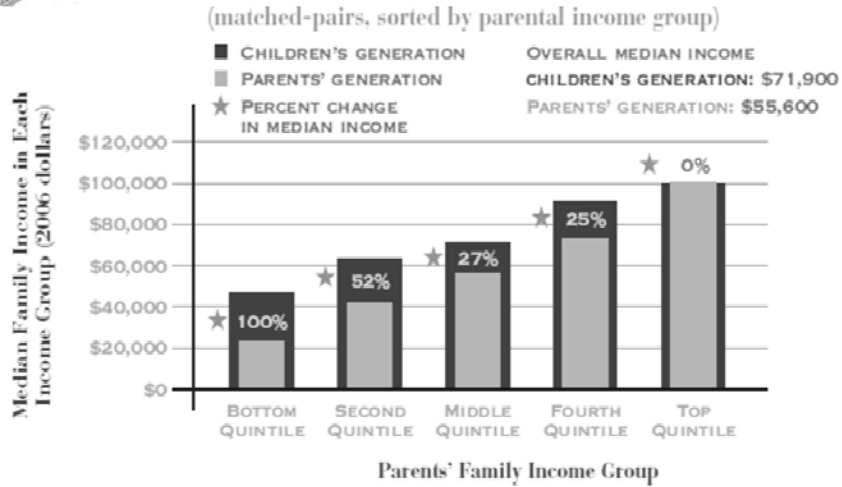
Children with family income above parents 2006



Source: Pew Economic Mobility Project,
http://www.economicmobility.org/assets/pdfs/EMP_FamiliesAcrossGenerations_Chapter1.pdf



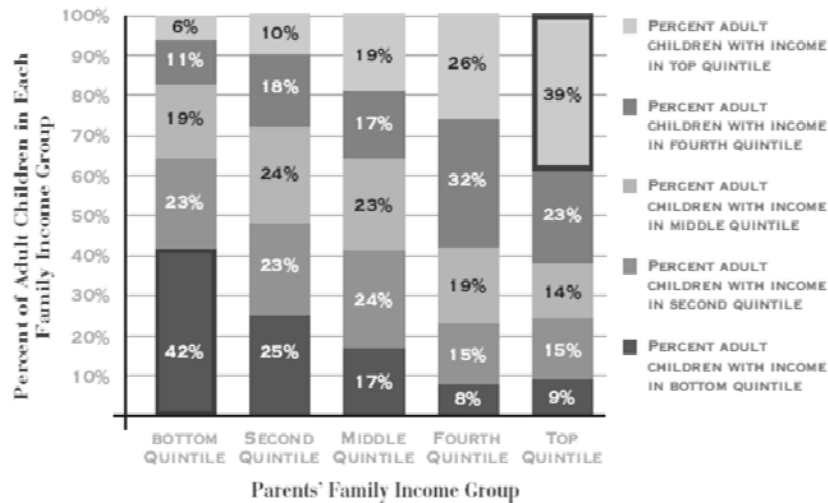
Changes in median family income by generation (2006)



Source: Pew Economic Mobility Project,
http://www.economicmobility.org/assets/pdfs/EMP_FamiliesAcrossGenerations_Chapter1.pdf



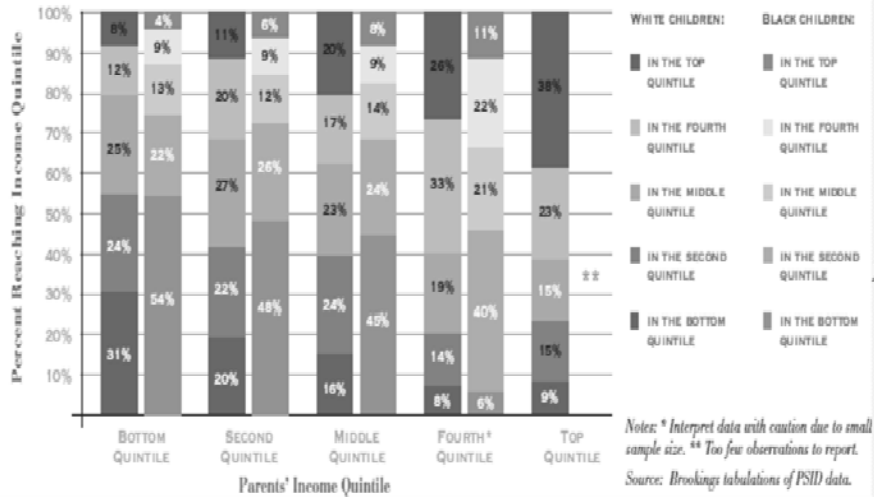
Children's income by parent's income (2006)



Source: Pew Economic Mobility Project,
http://www.economicmobility.org/assets/pdfs/EMP_FamiliesAcrossGenerations_Chapter1.pdf



Changes in income by parents' income & race (2006)



Source: Pew Economic Mobility Project, http://www.economicmobility.org/assets/pdfs/EMP_BlackandWhite_ChapterVI.pdf



How much income does it take?

Basic Economic Security Tables (Workers with Employment-based Benefits)	
New Mexico	
Monthly Expenses for: 2 Workers, 1 Preschooler, 1 Schoolchild	
Housing	\$503
Utilities	\$115
Food	\$698
Transportation	\$912
Child Care	\$1,066
Personal & Household Items	\$355
Health Care	\$478
Emergency Savings	\$120
Retirement Savings	\$20
Taxes	\$744
Tax Credits	-\$305
Monthly Total (per Worker)	\$2,353
Annual Total	\$56,472
Hourly Wage (per Worker)	\$13.37
Additional Asset Building Savings	
Children's Higher Education	\$35
Homeownership	\$102

Note: "Benefits" include unemployment insurance and employment-based health insurance and retirement plans.

Basic Economic Security Tables (Workers with Employment-based Benefits)	
New Mexico	
Monthly Expenses for: 2 Workers, 3 Teenagers	
Housing	\$631
Utilities	\$145
Food	\$953
Transportation	\$912
Child Care	\$0
Personal & Household Items	\$466
Health Care	\$558
Emergency Savings	\$100
Retirement Savings	\$20
Taxes	\$489
Tax Credits	-\$334
Monthly Total (per Worker)	\$1,970
Annual Total	\$47,280
Hourly Wage (per Worker)	\$11.19
Additional Asset Building Savings	
Children's Higher Education	\$53
Homeownership	\$170

Note: "Benefits" include unemployment insurance and employment-based health insurance and retirement plans.

Source: Wider Opportunities for Women, www.wowonline.org/documents/BasicEconomicSecurityTablesIndexforNewMexico2010_000.pdf



How much income does it take?

Basic Economic Security Tables (Workers with Employment-based Benefits)	
Bernalillo County, NM	
Monthly Expenses for: 2 Workers, 1 Preschooler, 1 Schoolchild	
Housing	\$640
Utilities	\$141
Food	\$687
Transportation	\$911
Child Care	\$1,147
Personal & Household Items	\$396
Health Care	\$478
Emergency Savings	\$130
Retirement Savings	\$13
Taxes	\$850
Tax Credits	-\$313
Monthly Total (per Worker)	\$2,540
Annual Total	\$60,960
Hourly Wage (per Worker)	\$14.43
Additional Asset Building Savings	
Children's Higher Education	\$30
Homeownership	\$157

Note: "Benefits" include unemployment insurance and employment-based health insurance and retirement plans.

Basic Economic Security Tables (Workers with Employment-based Benefits)	
Bernalillo County, NM	
Monthly Expenses for: 2 Workers, 3 Teenagers	
Housing	\$933
Utilities	\$205
Food	\$939
Transportation	\$911
Child Care	\$0
Personal & Household Items	\$560
Health Care	\$558
Emergency Savings	\$116
Retirement Savings	\$13
Taxes	\$648
Tax Credits	-\$317
Monthly Total (per Worker)	\$2,283
Annual Total	\$54,792
Hourly Wage (per Worker)	\$12.97
Additional Asset Building Savings	
Children's Higher Education	\$45
Homeownership	\$262

Note: "Benefits" include unemployment insurance and employment-based health insurance and retirement plans.

Source: Wider Opportunities for Women, www.wowonline.org/documents/BasicEconomicSecurityTablesIndexforNewMexico2010_000.pdf



Financial capability metrics

	New Mexico	U.S.
Overdraw checking account	33%	26%
Late more than once with mortgage	18%	13%
Paid late fee for credit card	30%	26%
Don't have emergency fund	65%	60%
Used payday loan, pawn	31%	24%



Issues to consider

- ^ **Links between education, jobs, and income**
- ^ **Role of transfers & taxes**
- ^ **Benefits: healthcare & health insurance, retirement plans**
- ^ **Family stability, number of earners**
- ^ **Financial capability to optimize resources**



Questions?

Thank you!

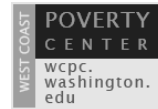
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THE CONTINUING RECESSION

Consequences for Single Parent Families

Prepared for the New Mexico State Family Impact Seminar
January 10 & 11, 2012

Jennifer Romich
University of Washington



THE CONTINUING RECESSION

Consequences for Single Parent Families

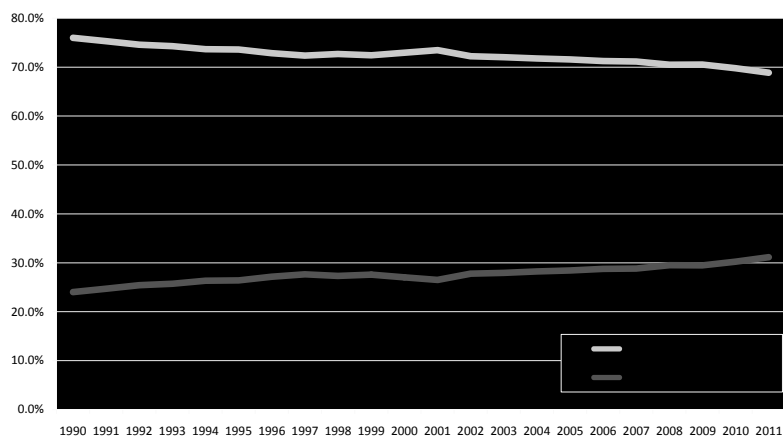
1. BACKGROUND
2. POLICY SUPPORTS
3. STRATEGIES





BACKGROUND on single parent families

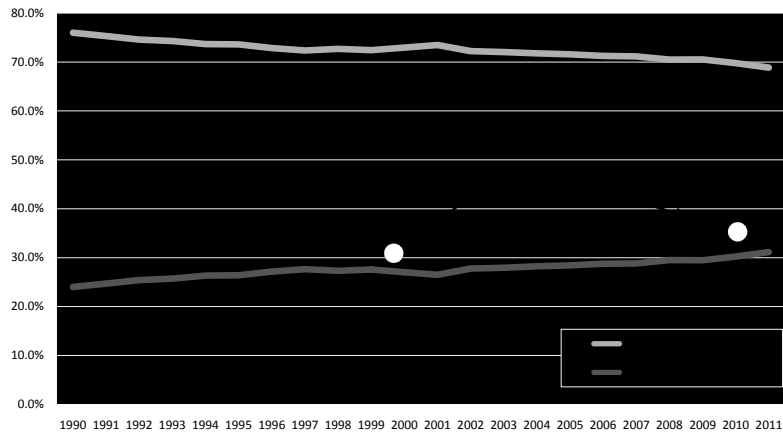
The proportion of families* led
by single parents has increased



Source: US Census.

*"Families" refer to households of adults with related children under age 18.

Single parent families are more common in New Mexico



Single parent families arise from

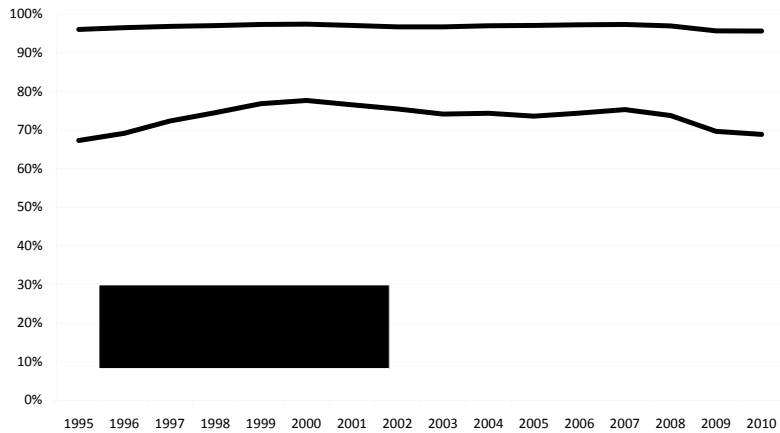
...births to unmarried parents

(Cohabiting couples
are a special case)

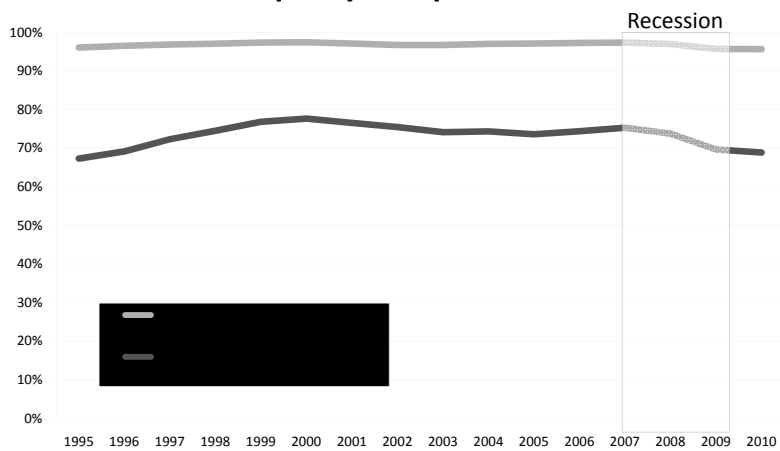
...divorces, separations,
and deaths



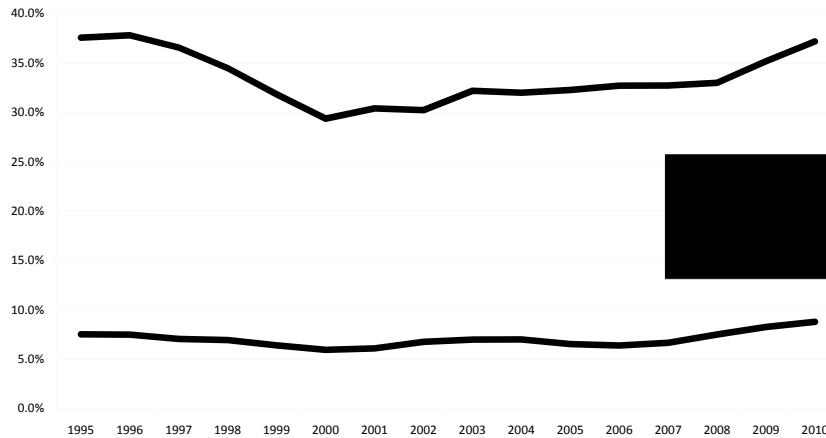
Fewer single parent families have an employed parent



Fewer single parent families have an employed parent

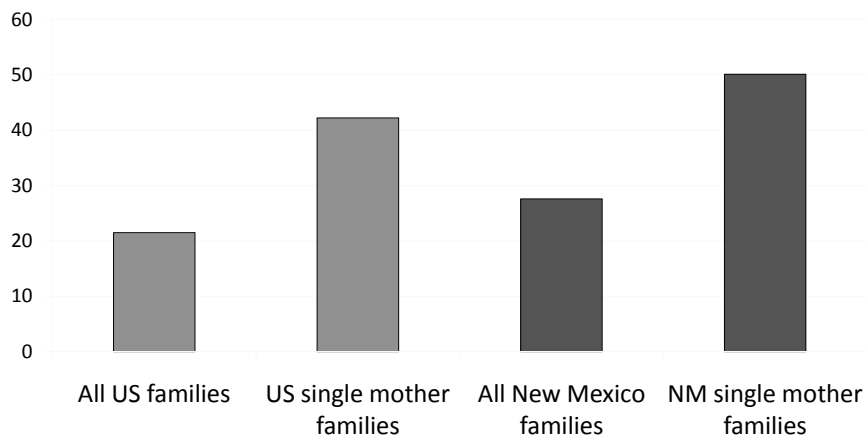


Poverty is higher among single parent families



Note: the 2010 Poverty Thresholds for a two child-family are \$17,600 (one parent) or \$22,100 (two parents)

Half of New Mexico's single mother families were poor in 2010



Source: US Census Bureau. Current Population Survey Annual Social and Economic (ASEC) Supplement. Tables POV46.4 & 8. Poverty Status by State.

The recession has disproportionately hurt single parent families

- Unemployment
- Material hardship
- Supports



SUPPORTS
in state
policy

Ways to serve single-parent families

- Public services for all
- Incentives
- Safety net



Policy aims

- Encouraging two parents to care for children
- Supporting single parents
- Care and education for children

Encouraging two parents to care for children

- Marriage
 - Avoid disincentives
- Child support enforcement



Supporting single parents

- Supporting single working parents
 - Unemployment Insurance
 - Child care
 - Family and medical leave
 - Food, medical and other assistance
- Supporting single non-working parents
 - TANF
 - Disability / Supplemental Security Insurance

Care and education for children

- Head Start
- Pre-K
- Public school



STRATEGIES
fresh ideas for
supporting
vulnerable families

Build on Affordable Care Act investments

- ACA calls for federal support of state IT infrastructure support
- Provides opportunity improving human services delivery

Maximize federal matches

- Food assistance – SNAP (“food stamps”) and WIC
- Promote Earned Income Tax Credit

Expand early learning

- Early learning supports parents in short run and development in long run



- Key programs
 - Head Start
 - Pre-K
 - Child care



THE CONTINUING
RECESSION
*Consequences for
Single Parent
Families*

Depend on choices
now

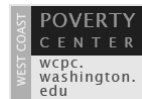
Thank you

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THE CONTINUING RECESSION
Consequences for Single Parent Families

Prepared for the New Mexico State Family Impact Seminar
January 10 & 11, 2012

Jennifer Romich
University of Washington





The Great Recession, Families, and Children in New Mexico
January 2012
Albuquerque, New Mexico

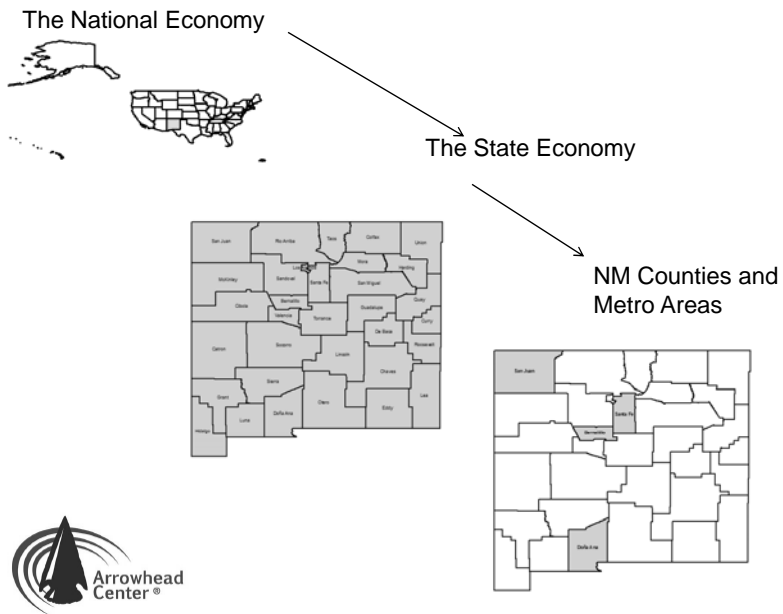
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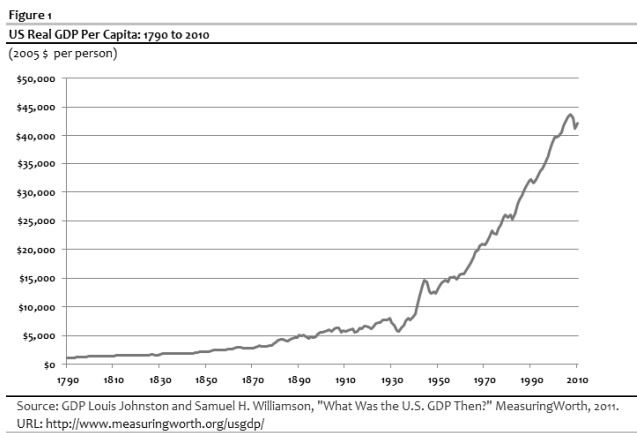
Outline

- The national economy and how it affects the New Mexico economy
 - New Mexico ranks 43rd among the 50 states in per capita income
- How the economy affects families (and children) and vice versa
- State policy –some realistic possibilities



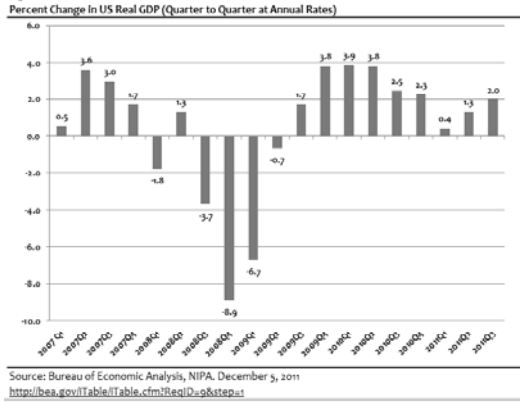


We can do almost anything



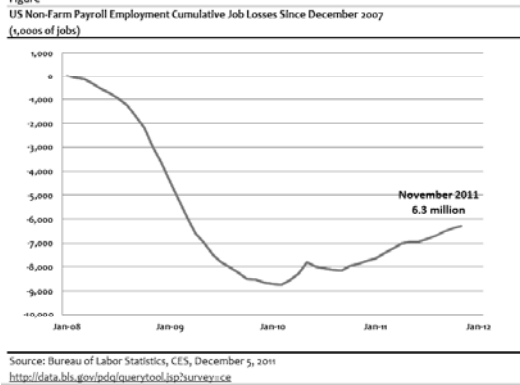
Real GDP

Figure xx.xx



Employment: A Long way to go ...

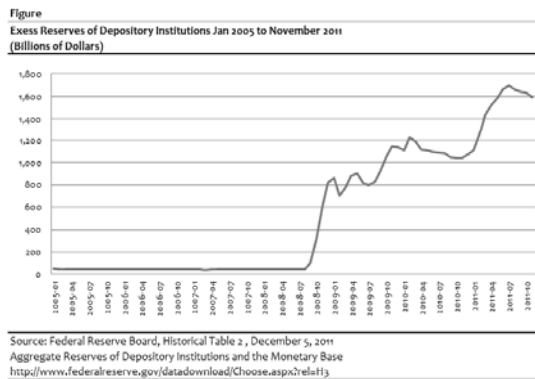
Figure



Not the Usual Recession...



Excess Reserves Remain Excessive



Average January 05 to August 2008 → \$1.8 Billion
Average September 08 to November 2011 → \$1.3 TRILLION



Housing Starts

Figure
US Housing Starts January 2006 to October 2011
(1,000s)

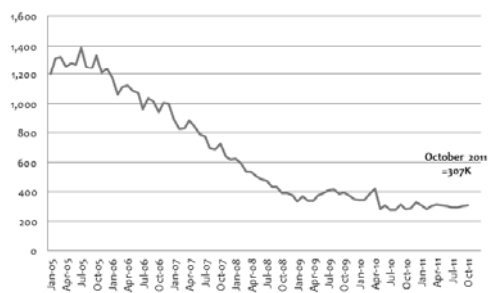


Sources: US Bureau of the Census
<http://www.census.gov/const/www/newresconstindex.html>



New Single Family Housing Units Sold

Figure
New Single Family Housing Units Sold: January 2005 to October 2011
(1,000s)

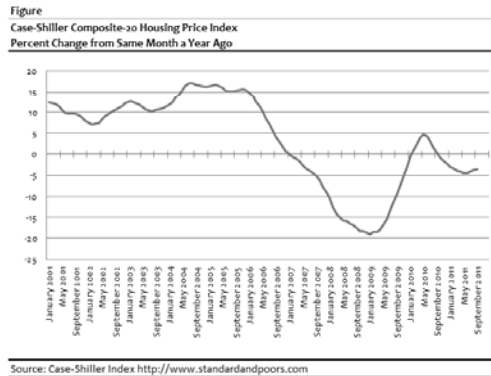


Sources: US Bureau of the Census
<http://www.census.gov/const/soldreg.pdf>

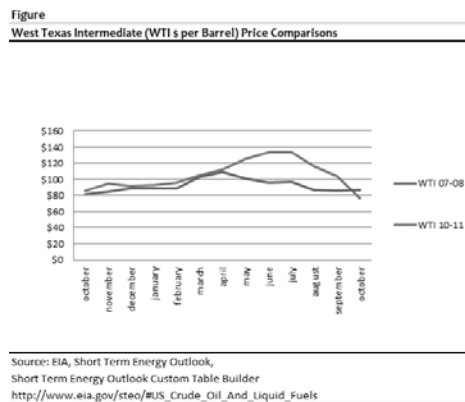


Housing Prices

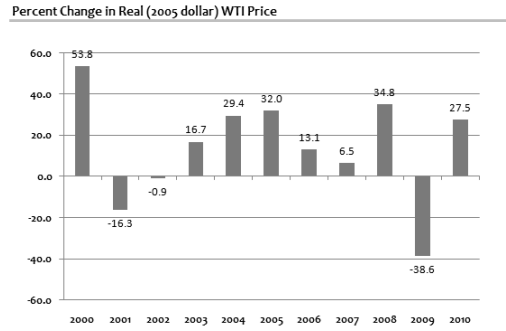
“The housing market recession is not yet over, and none of the statistics are indicating any kind of recovery”
David Blitzer, Chair, S&P Index Committee



Energy Prices . . . Are we headed for \$147 oil again?



Energy Market Volatility



Source: Energy Information Administration, Short Term Energy Outlook.



Round up the usual suspects (forecasters)

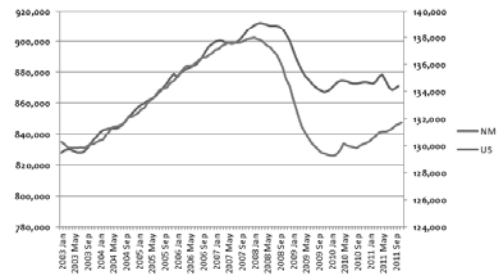
Forecasts

Forecaster	Percent Change in RGDP	Date of Forecast	Percent Change in RGDP	Date of Forecast
	2012		2012	
Conf Bd	1.8	August 10, 2011	1.1	November 9, 2011
Wells Fargo	1.9	August 10, 2011	2.0	November 9, 2011
MBA	2.3	August 19, 2011	1.8	November 15, 2011
Ph. Fed	2.6	August 12, 2011	2.6	November 14, 2011
OECD	3.1	June 1, 2011	2.0	November 28, 2011
IMF	2.5	June 1, 2011	1.2	September 21, 2011
Fed 1	2.2	June 21-22, 2011	2.5	November 2, 1011
Fed 2	4.0	June 21-22, 2011	2.9	November 2, 1011
CBO	2.8	January 1, 2011	2.7	August 1, 2011
Mean	2.6		2.1	



The US and New Mexico

Figure XX
US and NM Non-Farm Payroll Employment: Jan 2003 to November 2011

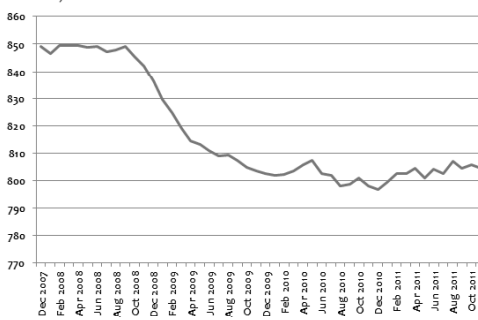


Source: Bureau of Labor Statistics,
<http://www.bls.gov/ces/data>



The New Mexico Labor Market (1)

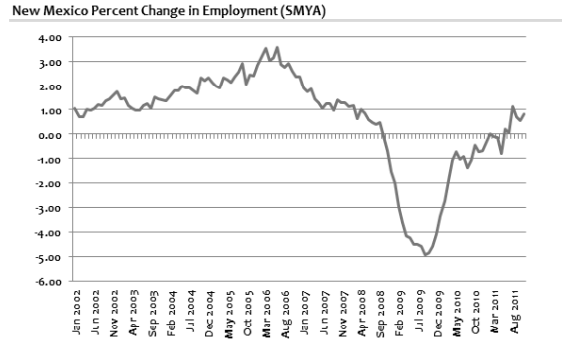
New Mexico Total (non-Farm) Employment: December 2007 to Nov 2011
(1,000s of Jobs)



Source: U.S. Bureau of Labor Statistics (CES), <http://data.bls.gov/pdq/querytool.jsp?survey=sm>
Net Loss = 44,700 Jobs Jobs gained during 2011 = 5,200



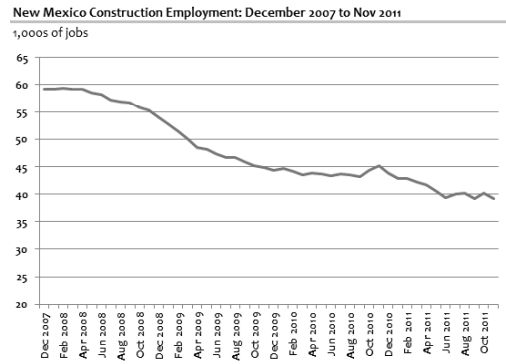
The New Mexico Labor Market (2)



Source: Author calculations from BLS (CES) data.



The New Mexico Labor Market (3)

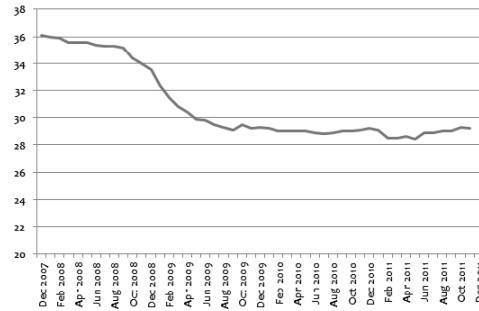


Source: Same as previous chart
Net Loss since Dec 2007 = 20,100 jobs



The New Mexico Labor Market (4)

New Mexico Manufacturing Employment: December 2007 to Nov 2011
(1,000s of jobs)

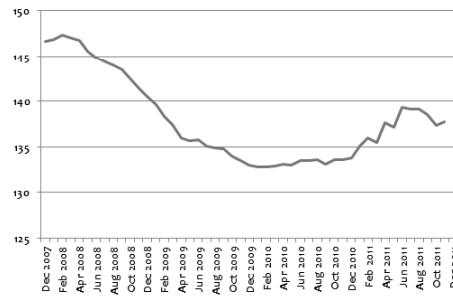


Source: Same as Previous Chart
Net Loss Dec 2007 to Nov 2011 = 6,900



The New Mexico Labor Market (5)

NM Employment in Trade, Transportation and Utilities: Dec 2007 to Nov 2011
(1,000s of Jobs)

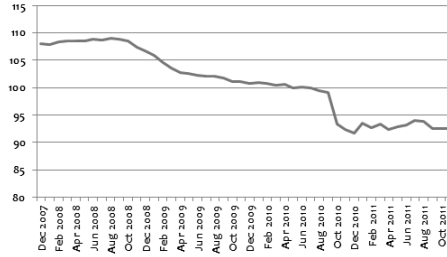


Source: Same as previous chart.
Net Loss of Jobs = 8,900



The New Mexico Labor Market (5)

New Mexico Employment in Professional and Business Services: Dec 2007 to Nov 2011
(1,000s of Jobs)

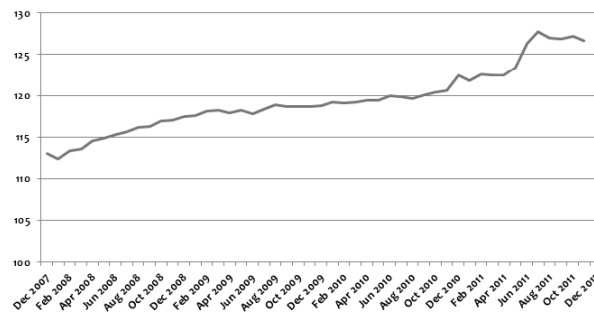


Source: Same as Previous Chart
Net Job Loss = 15,400



The New Mexico Labor Market (5)

New Mexico Education and Health care Services Employment: Dec 2007 to Nov 2011
(1,000s of Jobs)

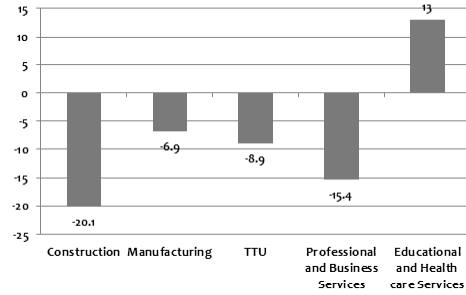


Source: Same as previous chart.
Net Job GAIN = 13,000



The New Mexico Labor Market (5)

New Mexico Job Losses and Gains by Sector: December 2007 to November 2011

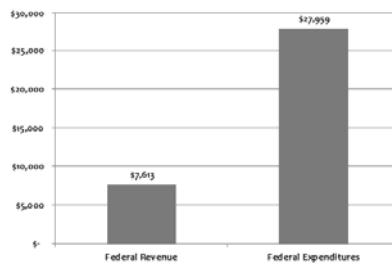


Source: Same as Previous



New Mexico and the Federal Government?

Figure xx
Federal Revenue and Expenditures: New Mexico FY2010
Millions of Dollars



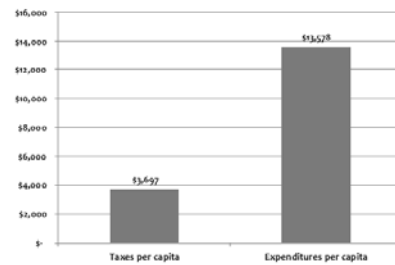
Sources: Revenue Data from IRS, Statistics of Income FY2010. Expenditure data from Consolidated Federal Funds Report, FY2010, Table 1.
Note: Revenue includes all tax and non-tax revenue.

New Mexico Ratio of Expenditures to Revenue = 3.67 Rank Among 50 states = 1



Per Capita Federal Expenditures and Revenues

Figure xxx
Per Capita Federal Revenue and Expenditures: New Mexico FY2010
Dollars

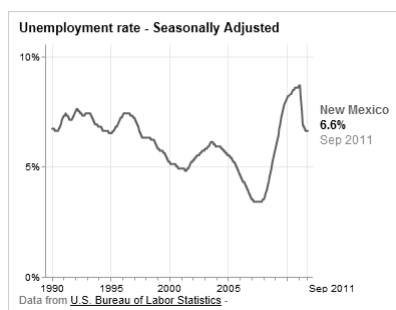


Sources: Revenue Data from IRS, Statistics of Income FY2010. Expenditure data from Consolidated Federal Funds Report, FY2010, Table 1.
Note: Revenue includes all tax and non-tax revenue.

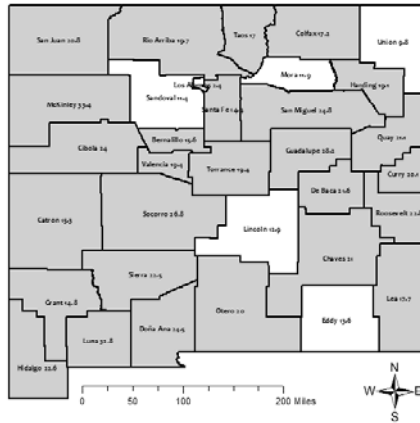
New Mexico Ranks 48th in Taxes per capita.
New Mexico Ranks 5th in Expenditures per capita
New Mexico Ranks 3rd in net (expenditures - taxes) per capita



New Mexico Unemployment



Poverty in New Mexico

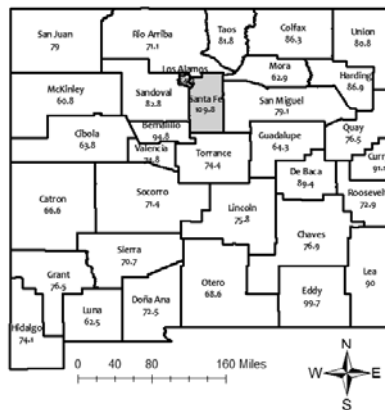


Blue shaded counties have poverty rates above the national average (13.8%)

Source: American Community Survey, 2006-2010 five year estimates



Per Capita Income in New Mexico: 2009



Blue shaded counties have 2009 per capita income above the national average (\$36,846)

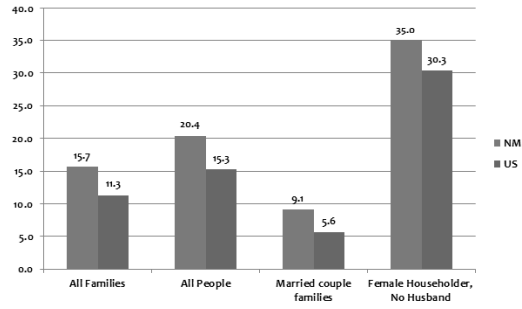
Source: U.S. Bureau of Economic Analysis



New Mexico Poverty (1)

Figure Poverty 1.1

Percent Below Poverty Level in the US and New Mexico: 2010



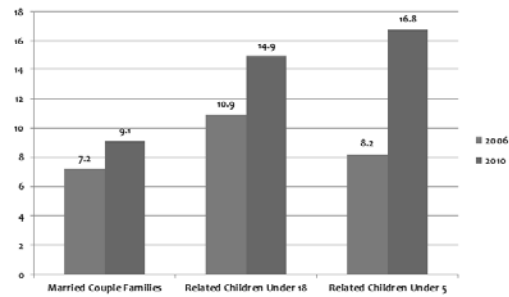
Source: U.S. Bureau of the Census, American Community Survey, 2010 1 year estimates.



New Mexico Poverty (2)

Figure Poverty 1.2

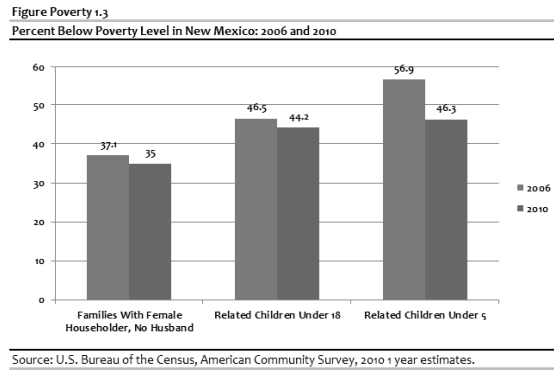
Percent Below Poverty Level in New Mexico: 2006 and 2010



Source: U.S. Bureau of the Census, American Community Survey, 2010 1 year estimates.



New Mexico Poverty (3)



Policy!

- Poverty is a policy decision
 - Poverty is not the result of too many people
 - Poverty is not the result of a shortage of natural resources
 - Poverty is not the result of inadequate technology
 - Poverty is not the result of laziness or because the poor are simply bad people

Policy!

We have had the resources and technology to eliminate poverty (globally) for more than a century—including poverty in New Mexico

- Some real causes of poverty include
 - An under-performing economy
 - Inadequate education and training
 - Discrimination
 - especially labor market discrimination
 - Inadequate infrastructure
 - especially transportation, education, health, and recreation
 - The Vicious Circle
 - poverty as its own cause
 - poor families → poor education and health → more poverty
 - Economic Development Mythology
 - especially “the low wage economy wins” and “the automatic convergence” myths

Policy!

- Factors not controllable by New Mexico policy actions
 - National (and international) economic performance
 - Energy and other commodity prices
 - Interest rates
 - The rise and fall of industrial sectors
 - Population aging
 - Who wins the World Series
- Some things New Mexico policy can accomplish
 - Control the quality and quantity of education (and training) in the state
 - Provide the infrastructure required for a 21st century economy
 - Put an end to labor market discrimination in the state
 - Achieve much greater efficiency in state government

Some Specific Policy Actions

- Establish a long-term systematic economic development and poverty reduction strategy
 - Based on energy and education?
- Establish a New Mexico Council of Economic Advisors
 - to provide independent advice to the executive and legislative branches
- Examine all economic development policies and actions for their long-term consequences
- Establish a long-term infrastructure investment strategy
 - Evaluated on the basis of its economic development consequences
 - Recognize that growth requires substantial investment
- Create the best education and training opportunities in the nation
- Gradually abolish all tax incentives designed to attract industry from other states
- End childhood hunger in the state

Thank you
Questions?

Supplemental Resource Materials

The state of poverty and opportunity in **NEW MEXICO**

Nationwide, millions of families facing economic hardship and poverty are doing all they can to make ends meet despite today’s challenging economy. Many of the 103 million Americans living on less than \$44,700 a year are struggling to pay their rent, keep current with utility payments, cover the cost of health care, and put food on the table.

In New Mexico, families are dealing with these challenges and more on a daily basis. Of the total number of residents in New Mexico in 2010, 20.4 percent lived below the official poverty line, 8.4 percent were unemployed.

To reduce poverty in New Mexico, we need to pursue a comprehensive strategy that creates good jobs, strengthens families, and promotes economic security. Here’s how New Mexico is currently faring in these important categories.

Creating good jobs

Increasing the number of workers in good jobs that pay family-supporting wages, and offer benefits and traditional workplace policies such as paid sick leave is one of the fastest ways to reduce poverty. Ensuring that more students graduate from high school and that adults have the skills needed for the modern workforce is also a critical piece of the jobs puzzle. Improving wages for all workers and ensuring that women are paid comparably to men will also lower the number of families in New Mexico who face economic risk.

Below are four measures for improvement for the men, women, and families of New Mexico:

- Percentage of employees with paid sick leave: 56
- High school graduation rate: 66.8 percent
- Percentage of young adults ages 25 to 34 with an associate’s degree or higher: 29
- For every dollar earned by a man, a woman doing the same job earns 78.6 cents

When these measures improve in New Mexico, we will know that opportunity is replacing poverty in New Mexico.

Strengthening families and communities

Increasing the health and stability of poor families is an essential element of a successful strategy to reduce poverty. To do so requires an increasing number of low-income families gaining access to quality health care. It also means that parents, particularly single parents, have assistance with basic housing and food expenses so they can provide for their families. Policies should also help families stay connected and help at-risk youth find safe, stable places to live. Reducing teen parenting also helps alleviate poverty.

Below are three measures for improvement in New Mexico to help strengthen struggling families:

- Percentage of the state population living without health insurance: 19.6
- Number of births by teenagers (per 1,000): 64.1
- Number of children living in foster care: 1,869

When these measures improve we will know New Mexico is on the right track.

Promoting economic security

Economically secure families are less likely to fall into poverty when they cannot work or work is unavailable, unstable, or pays so little that they cannot make ends meet. That means eligible families must be able to turn to programs such as the Supplemental Nutrition Assistance Program and to unemployment insurance when needed. Economic security also means providing opportunities for families to build their own assets to weather unforeseen crises and save for the future, which requires access to basic financial services such as a checking account.

Below are three measures for improvement to help more families in New Mexico build economic security:

- Percentage of households that are struggling with hunger: 15.4*
- Percentage of unemployed workers receiving unemployment insurance: 63.42
- Percentage of unbanked—people without checking or savings accounts: 11.4**

*State food insecurity rate **Estimates for this sample were statistically different from the national average at 10 percent

When these measures move in the right direction, we'll know that there is greater economic security and opportunity for families facing tough times in New Mexico.

Clearly, families, children, and workers in New Mexico are struggling, which affects all of us. More families in poverty means fewer consumers in the state economy and fewer skilled workers for the jobs and industries of the future.

In the past we have significantly cut poverty when a strong economy in combination with strong public policies and private initiatives worked together to lift up millions of Americans. We need your voice to advocate to our elected officials to enact legislation that moves these indicators in the right direction and rebuilds the middle class.

Half in Ten urges you to stand up and take action today:

- Contact your members of Congress and ask them to pass legislation to create more good jobs.
- Host a local event with other advocates to highlight the issue of poverty and opportunity in your community and to discuss policy solutions and action steps.

For more advocacy resources, please visit <http://halfinten.org/indicators>.

Source: Restoring Shared Prosperity: Strategies to Cut Poverty and Expand Economic Growth, 2011

Summary of Selected Findings: New Mexico

	State	Nation	Region	
Making Ends Meet				
Difficulty covering expenses and paying bills				
Very difficult	19%	18%	19%	
Somewhat difficult	46%	43%	45%	
Not at all difficult	34%	36%	35%	
Overdraw checking account occasionally	33%	26%	29%	<i>Respondents with checking accounts</i>
Number of times mortgage payments have been late				
Once	6%	8%	6%	<i>Respondents with mortgages</i>
More than once	18%	13%	12%	
Have taken a loan from retirement account in past year	10%	10%	11%	<i>Respondents with self-directed employer plan or non-employer plan</i>
Have taken a hardship withdrawal from retirement account in past year	8%	8%	9%	
Spending vs. saving				
Spending less than income	40%	42%	40%	
Spending about equal to income	37%	35%	36%	
Spending more than income	21%	20%	21%	
Have experienced large unexpected drop in income in past year	41%	40%	45%	
Planning Ahead				
Have emergency funds	32%	35%	33%	
Do not have emergency funds	65%	60%	63%	
Have tried to figure out retirement savings needs	34%	37%	40%	<i>Non-retired households</i>
Have not tried to figure out retirement savings needs	63%	58%	56%	
Have set aside money for children's college education	30%	31%	28%	<i>Respondents with financially dependent children</i>
Have not set aside money for children's college education	68%	66%	70%	
Managing Financial Products				
<i>Banking</i>				
Have checking account	92%	91%	92%	
Have savings account, money market account, or CDs	76%	74%	78%	

	State	Nation	Region	
<i>Non-Bank Borrowing</i>				
Non-bank borrowing methods used in past 5 years				
Auto title loan	9%	6%	8%	
Short term „payday‘ loan	15%	9%	13%	
Advance on tax refund (refund anticipation loan)	7%	6%	5%	
Pawn shop	13%	12%	15%	
Rent-to-own store	8%	7%	6%	
Used one or more non-bank borrowing methods in past 5 years	31%	24%	29%	
<i>Credit Cards</i>				
Number of credit cards				
No credit cards	24%	24%	23%	
1	18%	15%	16%	
2-3	30%	30%	32%	
4 or more	25%	28%	26%	
Credit card behaviors in past year				
Always paid credit cards in full	34%	41%	37%	
Carried over a balance and was charged interest	62%	56%	61%	
Paid the minimum payment only	46%	40%	45%	<i>Respondents with credit cards</i>
Charged a late fee for late payment	30%	26%	28%	
Charged an over the limit fee for exceeding credit line	21%	15%	18%	
Used the cards for a cash advance	17%	13%	15%	
<i>Mortgages</i>				
Have mortgage	70%	66%	76%	<i>Homeowners</i>
Have home equity loan	17%	22%	20%	
<i>Retirement Accounts</i>				
Have employer-provided retirement plan (e.g., pension plan, 401(k))	48%	52%	50%	<i>Non-retired respondents</i>
Have non-employer retirement plan (e.g., IRA, Keogh, SEP, etc.)	20%	24%	23%	
Regularly contribute to self-directed retirement account	66%	75%	73%	<i>Respondents with self-directed employer plan or non-employer plan</i>
Portion of retirement portfolio invested in stocks or mutual funds that contain stocks				
More than half	34%	37%	37%	<i>Respondents with self-directed employer plan or non-employer plan</i>
Less than half	31%	25%	24%	
None	9%	9%	9%	
Don't know	23%	26%	28%	
<i>Stocks, Bonds, and Mutual Funds</i>				
Invest in stocks, bonds, mutual funds, or other securities outside of retirement account	31%	36%	33%	<i>All except unbanked respondents</i>

	State	Nation	Region	
Financial Knowledge & Decision-Making				
<i>Financial Literacy</i>				
Suppose you had \$100 in a savings account and the interest rate was 2% per year. After 5 years, how much do you think you would have in the account if you left the money to grow?				
<u>More than \$102</u> (correct answer)	76%	78%	79%	
Exactly \$102	6%	6%	6%	
Less than \$102	5%	5%	5%	
Don't know	11%	10%	9%	
Imagine that the interest rate on your savings account was 1% per year and inflation was 2% per year. After 1 year, how much would you be able to buy with the money in this account?				
More than today	6%	7%	7%	
Exactly the same	8%	7%	7%	
<u>Less than today</u> (correct answer)	65%	65%	67%	
Don't know	18%	19%	17%	
If interest rates rise, what will typically happen to bond prices?				
They will rise	21%	18%	17%	
<u>They will fall</u> (correct answer)	26%	28%	29%	
They will stay the same	5%	5%	5%	
There is no relationship between bond prices and the interest rate	10%	10%	10%	
Don't know	34%	37%	38%	
A 15-year mortgage typically requires higher monthly payments than a 30-year mortgage, but the total interest paid over the life of the loan will be less.				
<u>True</u> (correct answer)	77%	76%	80%	
False	9%	9%	7%	
Don't know	11%	15%	12%	
Buying a single company's stock usually provides a safer return than a stock mutual fund.				
True	5%	6%	5%	
<u>False</u> (correct answer)	53%	53%	55%	
Don't know	40%	40%	39%	
Mean number of correct quiz answers	2.97	2.99	3.09	
Mean number of incorrect quiz answers	0.76	0.73	0.69	
Mean number of "don't know" quiz answers	1.15	1.21	1.16	
<i>Comparison Shopping</i>				
Compared credit cards	31%	32%	33%	<i>Respondents with credit cards</i>
Did not compare credit cards	63%	62%	62%	
Compared auto loans	44%	44%	45%	<i>Respondents with auto loans</i>
Did not compare auto loans	55%	53%	52%	

	State	Nation	Region
<i>Credit Reports and Credit Scores</i>			
Obtained a copy of credit report in past year	50%	42%	48%
Checked credit score in past year	46%	41%	46%

Notes:

Region = Mountain Census Division (Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming).

State figures are weighted by age x gender, ethnicity and education.

National figures are weighed by age x gender, ethnicity, education and Census Division.

Census Division figures are weighted by age x gender, ethnicity and education.

Differences between groups may or may not be statistically significant.

Percentages may not add up to 100 because of missing or “don’t know” responses.

Survey was conducted June - October 2009.

For additional findings and details, full survey results are available for download at http://www.usfinancialcapability.org/table_pdf/full_data_tables.xls

New Mexico ▼ compared to National ▼

At a Glance: Financial Capability in New Mexico

Financial capability of adults in New Mexico can be measured by focusing on four key components:

- **Making Ends Meet.** 21% of individuals reported that over the past year, their household spent more than their income.
- **Planning Ahead.** 65% of individuals lack a "rainy day" fund to cover expenses for three months, in case of emergencies such as sickness, job loss or economic downturn.
- **Managing Financial Products.** 31% of individuals reported using one or more non-bank borrowing methods in the past five years.
- **Financial Knowledge and Decision-Making.** On average, individuals answered 3.0 out of five financial literacy questions correctly. In addition, 63% of individuals said that, when obtaining their most recent credit card, they did not collect and compare information about cards from more than one company.

[< SELECT A DIFFERENT AREA](#)

Financial Capability Study

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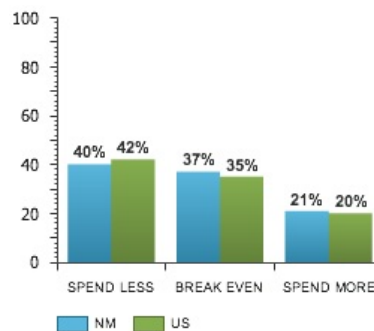
[New Mexico Summary Table](#)

Making Ends Meet

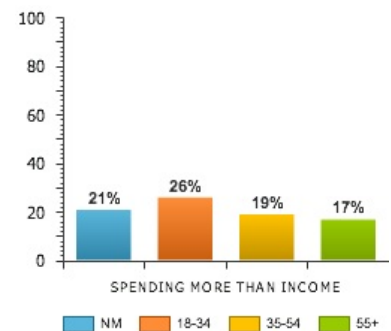
Individuals who report spending more than their household income (not including the purchase of a new home, car or other big investment) are not saving. In addition, individuals who spend about the same as their income are breaking even. Only those who spend less than their household income are able to save.

Individuals who are not balancing monthly income and expenses may find themselves struggling to make ends meet.

New Mexico vs. National Spending vs. Saving



New Mexico by Age Spending vs. Saving

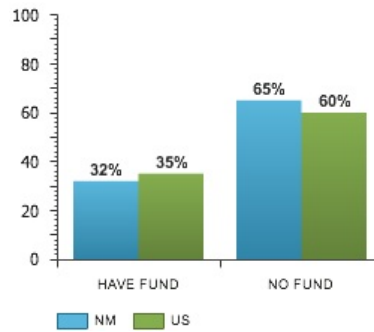


Planning Ahead

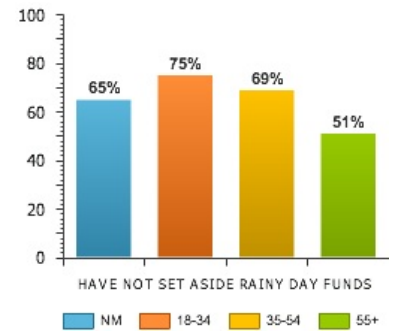
Individuals who have a "rainy day" fund demonstrate that they are planning ahead for their financial future. Those who lack a "rainy day" fund, however, do not have money set aside to cover expenses for three months, in case of emergencies such as sickness, job loss or economic downturn.

Individuals without this emergency savings lack a buffer against unexpected financial shocks, threatening their personal financial stability, as well as decreasing stability of the economy as a whole.

New Mexico vs. National "Rainy Day" Funds



New Mexico by Age "Rainy Day" Funds

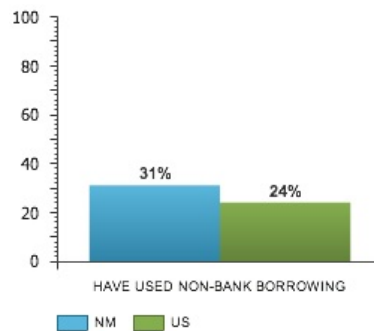


Managing Financial Products

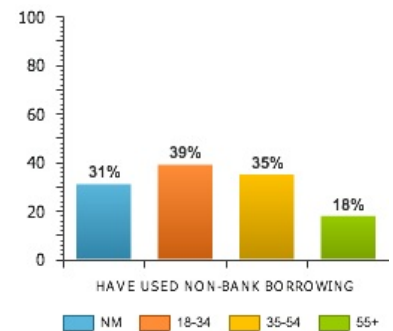
Numerous Americans have engaged in non-bank borrowing within the past five years, such as taking out an auto title loan or a payday loan, getting an advance on a tax refund or using a pawn shop or rent-to-own store.

Non-bank borrowing methods are likely to come with high interest rates, and often attract individuals with poor credit histories, lack of access to more traditional sources of credit, or both. Sound borrowing practices and management of financial products are crucial to financial capability.

New Mexico vs. National Non-Bank Borrowing



New Mexico by Age Non-Bank Borrowing



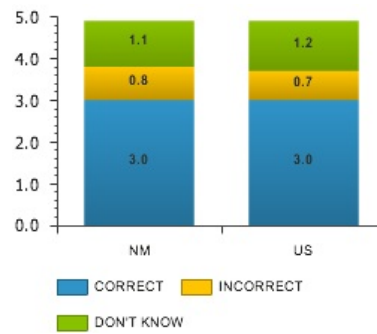
Financial Knowledge and Decision Making

Study participants were asked five questions covering concepts of economics and finance expressed in everyday life. Results were tabulated according to average number participants answered correctly, incorrectly, or "don't know." "Don't know" responses suggest that limited financial literacy may impede participants' ability even to attempt to answer quiz questions.

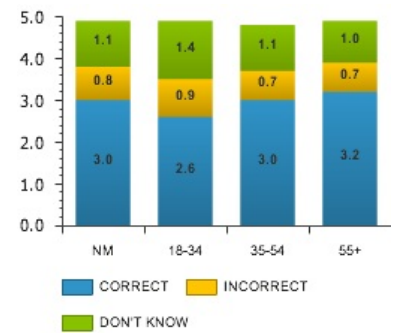
In addition, most Americans do not comparison shop for credit cards, indicating a gap in the application of financial decision-making skills to real life situations.

Individuals need at least a fundamental level of financial knowledge. This knowledge, paired with financial decision-making skills, can best ensure an individual's financial capability.

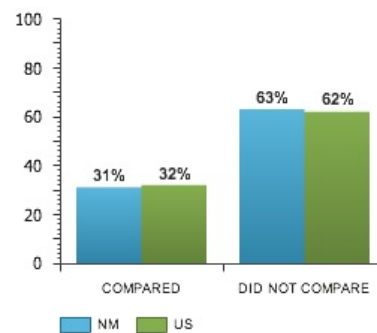
New Mexico vs. National Financial Literacy



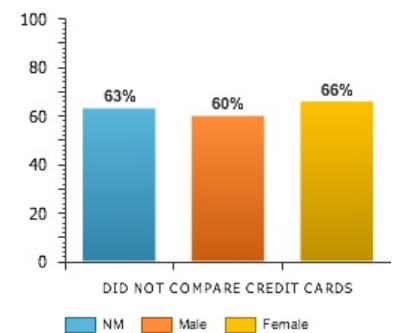
New Mexico by Age Financial Literacy



New Mexico vs. National Comparison Shopping



New Mexico by Gender Comparison Shopping



OECD (2011), *Divided We Stand: Why Inequality Keeps Rising*

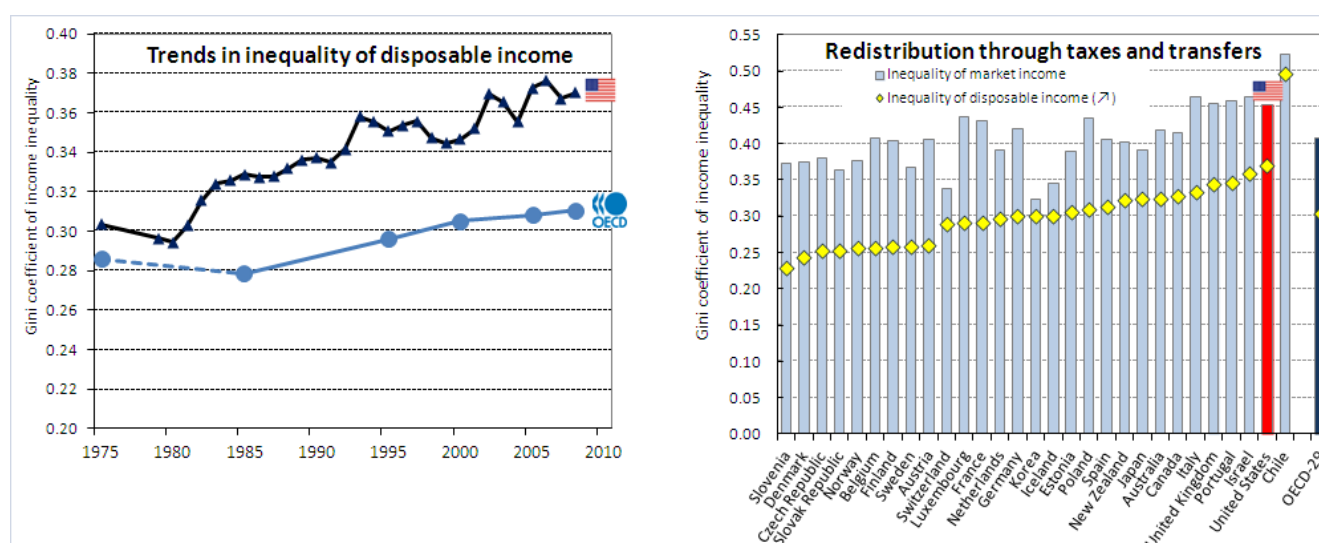
www.oecd.org/els/social/inequality

(Under embargo: Monday 5th December 2011, 11am Paris time)

COUNTRY NOTE: UNITED STATES

The United States has the fourth-highest inequality level in the OECD, after Chile, Mexico and Turkey. Inequality among working-age people has risen steadily since 1980, in total by 25%. In 2008, the average income of the top 10% of Americans was 114 000 USD, nearly 15 times higher than that of the bottom 10%, who had an average income of 7 800 USD. This is up from 12 to 1 in the mid 1990s, and 10 to 1 in the mid 1980s.

Income taxes and cash benefits play a small role in redistributing income in the United States, reducing inequality by less than a fifth – in a typical OECD country, it is a quarter. Only in Korea, Chile and Switzerland is the effect still smaller. [Figure6.1]



Notes: The Gini coefficient ranges from 0 (when all people have identical incomes) to 1 (when the richest person has all the income). Market incomes are labor earnings, capital incomes and savings. Disposable income is market income plus social transfers less income taxes. Incomes are adjusted for household size. Data refer to the working-age population. Information on data for Israel: <http://dx.doi.org/10.1787/888932315602>.

Key findings:

- The wealthiest Americans have collected the bulk of the past three decades' income gains. The share of national income of the richest 1% more than doubled between 1980 and 2008: from 8% to 18% [Table9.1]. The richest 1% now makes an average US\$1.3 million of after-tax income (compared to US\$17,700 for the poorest 20% of US citizens). During the same time, the top marginal income tax rate dropped from 70% in 1981 to 35% in 2010.
- The rising incomes of executives and finance professionals account for much of the rising share of top income recipients. Moreover, people who achieve such a high income status tend to stay there: only 25% drop out of the richest 1% in the US, compared to some 40% in Australia and Norway, for instance.
- The main reason for widening inequality in the US is the widening wage gap. The gap between the richest and poorest 10% of full-time workers has increased by almost one third, more than in most other OECD countries.
- Contrary to the OECD trend, annual hours among lower-wage workers in the US *increased* by more than 20% over the past decades [Table4.A1.2] – probably linked to incentive policies such as the Earned Income Tax Credit (EITC) but also the relatively low level of the minimum wage. This trend partially offset the rising wage gap and led to a more moderate increase in overall annual earnings inequality.

- Societal change — more single and single-parent households, more people with a partner in the same earning group — accounts for much less of the increase in household earnings inequality (about 13%) than the widening dispersion of men’s earnings (about 46%). At the same time, increase in employment, both among women and men, countered the increase toward higher inequality.
- Redistribution of income by taxes and benefits is limited. Over the long run, these offset less than 10% of the increase in inequality of market incomes – gross earnings, savings and capital taken together.
- The limited redistributive effect in the United States is to be found on the benefit side rather than the tax side: benefits represent just 6% of household income, while the OECD average is about 16%. Income support for the unemployed has become less generous over time prior to the 2008-09 financial crisis. The gap between in-work and out of work income has increased for lone parent families and couples with children particularly. The income of a lone mother with 2 kids, who had full unemployment insurance and earned around the average wage, is less than 40% of her former take-home pay – in 1995, this was over 50%.
- On the other hand, the US invests relatively more in public expenditures in in-kind services [[Figure8.1](#)], and those help reducing inequality by roughly 18%.

Key policy recommendations for OECD countries from *Divided We Stand*

- Employment is the most promising way of tackling inequality. The biggest challenge is creating more and better jobs that offer good career prospects and a real chance to people to escape poverty.
- Investing in human capital is key. This must begin from early childhood and be sustained through compulsory education. Once the transition from school to work has been accomplished, there must be sufficient incentives for workers and employers to invest in skills throughout the working life.
- Reforming tax and benefit policies is the most direct instrument for increasing redistributive effects. Large and persistent losses in low-income groups following recessions underline the importance of government transfers and well-conceived income-support policies.
- The growing share of income going to top earners means that governments may re-examine the redistributive role of taxation.
- The provision of freely accessible and high-quality public services, such as education, health, and family care, is important.

The roles of globalisation, technological progress and regulatory reforms

Divided we Stand also looks into the impact of global developments on rising wage dispersion and employment trends over the past quarter century up to the 2008-09 financial crisis. For the OECD area as a whole, the following key findings emerge:

- Globalisation, i.e. the rapid trade and foreign direct investment integration that occurred in all OECD countries over the past quarter century did not – per se – play a major role in driving growing wage dispersion. However, globalisation pressure affected domestic policy and institutional reforms (see below).
- Technological progress led to higher wage differentials: advances in information and communication technologies in particular have been more beneficial for workers with higher skills.
- Regulatory reforms and changes in labor market institutions increased employment opportunities but also contributed to greater wage inequality. More people, and in particular many low-paid workers, were brought into employment. But one of the consequences of more low-paid people in work is a widening distribution of wages.
- The rise in the supply of skilled workers provided a sizeable counterweight to offset the increase in wage inequality resulting from technological progress, regulatory reforms and institutional changes. The upskilling of the labor force also had a significant positive impact on employment growth.

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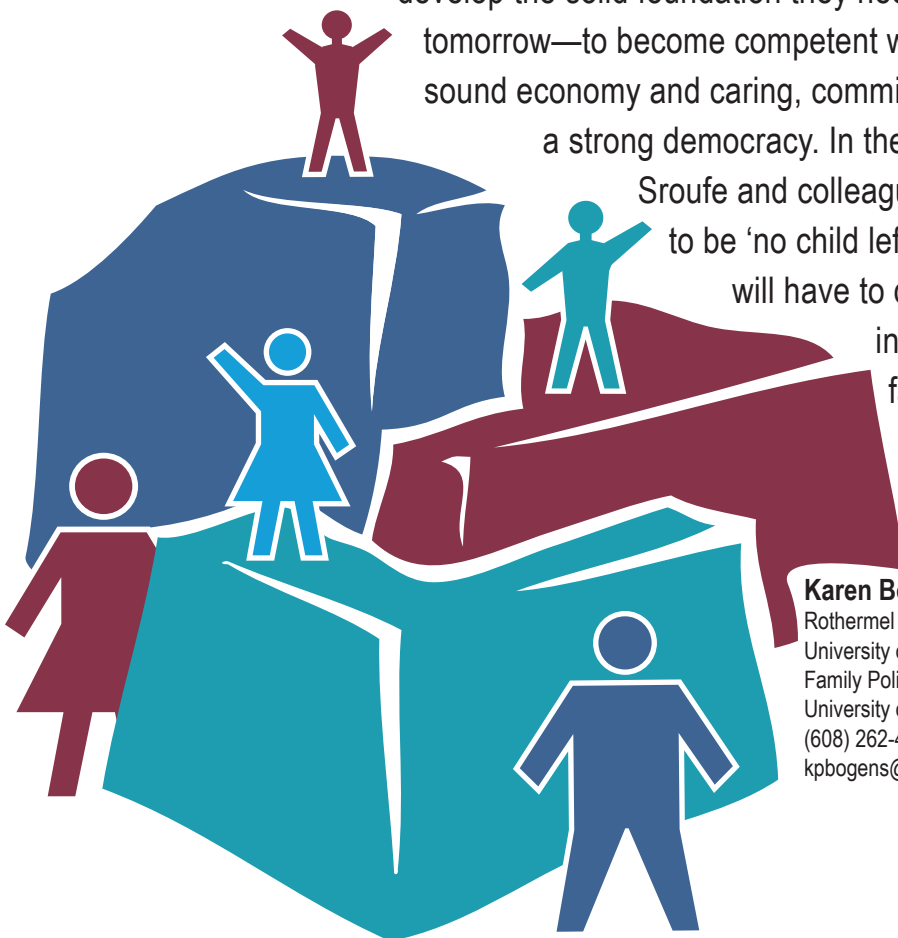
Families are the Cornerstone

Investments in family policies can create the conditions for families to do their best in rearing the next generation, in economically supporting their members, and in caring for those who cannot always care for themselves—the elderly, frail, ill, and disabled. Yet families can be damaged by stressful conditions—the inability to earn a living, or afford health insurance, or find quality child care, or send their kids to good schools. Policies that support families are politically popular and typically are much more effective than policies aimed only at individuals. When the family foundation is strong today, children are more likely to

develop the solid foundation they need for

tomorrow—to become competent workers in a sound economy and caring, committed citizens in a strong democracy. In the words of

Sroufe and colleagues, “For there to be ‘no child left behind,’ we will have to do a better job in leaving no family behind” (2005).



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The checklist on the following page is a useful guide for viewing public policy or potential public policy through a family lens. With it, policymakers and those who implement policies can assess the impact of policy on families.

Assessing the Impact of Policies & Programs on Families

Family Impact Checklist

The first step in developing family-friendly policies is to ask the right questions:

- ▶ What can government and community institutions do to enhance the family's capacity to help itself and others?
- ▶ What effect does (or will) this policy (or program) have for families? Will it help or hurt, strengthen or weaken family life?

These questions sound simple, but they can be difficult to answer. These questions are the core of a family impact analysis that assesses the intended and unintended consequences of policies, programs, and organizations on family stability, family relationships, and family responsibilities. Family impact analysis delves broadly and deeply into the ways in which families contribute to problems, how they are affected by problems, and whether families should be involved in solutions. Guidelines for conducting a family impact analysis can be found at www.familyimpactseminars.org/fi_howtocondfia.pdf.

Family impact questions can be used to review legislation and laws for their impact on families; to prepare family-centered questions or testimony for hearings, board meetings, or public forums; and to evaluate programs and operating procedures of agencies and organizations for their sensitivity to families. Six basic principles serve as the criteria of how sensitive to and supportive of families policies and programs are. Each principle is accompanied by a series of family impact questions.

The principles are not rank-ordered and sometimes they conflict with each other, requiring trade-offs. Cost effectiveness also must be considered. Some questions are value-neutral and others incorporate specific values. This tool, however, reflects a broad bi-partisan consensus, and it can be useful to people across the political spectrum.

Principle 1. Family support & responsibilities. Policies and programs should aim to support and supplement family functioning and provide substitute services only as a last resort.

Does the proposal or program:

- support and supplement parents' and other family members' ability to carry out their responsibilities?
- provide incentives for other persons to take over family functioning when doing so may not be necessary?
- set unrealistic expectations for families to assume financial and/or caregiving responsibilities for dependent, seriously ill, or disabled family members?
- enforce absent parents' obligations to provide financial support for their children?

Principle 2. Family membership & stability. Whenever possible, policies and programs should encourage and reinforce marital, parental, and family commitment and stability, especially when children are involved. Intervention in family membership and living arrangements is usually justified only to protect family members from serious harm or at the request of the family itself.

Does the policy or program:

- provide incentives or disincentives to marry, separate, or divorce?
- provide incentives or disincentives to give birth to, foster, or adopt children?
- strengthen marital commitment or parental obligations?
- use appropriate criteria to justify removal of a child or adult from the family?
- allocate resources to help keep the marriage or family together when this is the appropriate goal?
- recognize that major changes in family relationships such as divorce or adoption are processes that extend over time and require continuing support and attention?



The Policy Institute for
Family Impact Seminars

The Institute aims to strengthen family policy by connecting state policymakers with research knowledge and researchers with policy knowledge. The Institute provides nonpartisan, solution-oriented research and a family impact perspective on issues being debated in state legislatures. We provide technical assistance to and facilitate dialogue among professionals conducting Family Impact Seminars in 28 sites across the country.

The Policy Institute for Family Impact Seminars adapted the family impact checklist from one originally developed by the Consortium of Family Organizations. The suggested citation is Policy Institute for Family Impact Seminars. (2000). *A checklist for assessing the impact of policies on families* (Family Impact Analysis Series No. 1). Madison, WI: Author. The checklist was first published in Ooms, T., & Preister, S. (Eds.). (1988). *A strategy for strengthening families: Using family criteria in policymaking and program evaluation*. Washington DC: Family Impact Seminar.

For more information on family impact analysis, contact Director Karen Bogenschneider of the Policy Institute for Family Impact Seminars at the University of Wisconsin-Madison/Extension, 3rd Fl Middleton Bldg, 1305 Linden Drive, Madison, WI 53706.

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Principle 3. Family involvement & interdependence. Policies and programs must recognize the interdependence of family relationships, the strength and persistence of family ties and obligations, and the wealth of resources that families can mobilize to help their members.

To what extent does the policy or program:

- recognize the reciprocal influence of family needs on individual needs, and the influence of individual needs on family needs?
- recognize the complexity and responsibilities involved in caring for family members with special needs (e.g., physically or mentally disabled, or chronically ill)?
- involve immediate and extended family members in working toward a solution?
- acknowledge the power and persistence of family ties, even when they are problematic or destructive?
- build on informal social support networks (such as community/neighborhood organizations, religious communities) that are essential to families' lives?
- respect family decisions about the division of labor?
- address issues of power inequity in families?
- ensure perspectives of all family members are represented?
- assess and balance the competing needs, rights, and interests of various family members?
- protect the rights and safety of families while respecting parents' rights and family integrity?

Principle 4. Family partnership & empowerment. Policies and programs must encourage individuals and their close family members to collaborate as partners with program professionals in delivery of services to an individual. In addition, parent and family representatives are an essential resource in policy and program development, implementation, and evaluation.

In what specific ways does the policy or program:

- provide full information and a range of choices to families?
- respect family autonomy and allow families to make their own decisions? On what principles are family autonomy breached and program staff allowed to intervene and make decisions?
- encourage professionals to work in collaboration with the families of their clients, patients, or students?
- take into account the family's need to coordinate the multiple services required? Does it integrate well with other programs and services that the families use?
- make services easily accessible to families in terms of location, operating hours, and easy-to-use application and intake forms?
- prevent participating families from being devalued, stigmatized, or subjected to humiliating circumstances?
- involve parents and family representatives in policy and program development, implementation, and evaluation?

Principle 5. Family diversity. Families come in many forms and configurations, and policies and programs must take into account their varying effects on different types of families. Policies and programs must acknowledge and value the diversity of family life and not discriminate against or penalize families solely for reasons of structure, roles, cultural values, or life stage.

How does the policy or program:

- affect various types of families?
- account for its benefits to some family types but not others? Is one family form preferred over another? Does it provide sufficient justification for advantaging some family types and for discriminating against or penalizing others?
- identify and respect the different values, attitudes, and behavior of families from various racial, ethnic, religious, cultural, and geographic backgrounds that are relevant to program effectiveness?
- acknowledge intergenerational relationships and responsibilities among family members?

Principle 6. Support of vulnerable families. Families in greatest economic and social need, as well as those determined to be most vulnerable to breakdown, should be included in government policies and programs.

Does the policy or program:

- identify and publicly support services for families in the most extreme economic or social need?
- give support to families who are most vulnerable to breakdown and have the fewest resources?
- target efforts and resources toward preventing family problems before they become serious crises or chronic situations?