

Population growth in New Mexico is approaching zero—and other bad signs

By [Niraj Chokshi](#) January 17, 2014 – Washington Post

One of New Mexico's top economists hosted an annual economic forecasting conference Thursday, but what stands out in the presentation she delivered is the dire state of the state.

Population growth is at a virtual standstill. On good indicators, the Land of Enchantment often ranks near the bottom; on bad indicators, it's often near the top. It relies heavily on the public sector, including the fickle federal government; and the gap between the top and bottom on education and income is wide.

Overall, the forecast shows the state adding jobs and income at a rate just below the national average over the next few years. But the real estate market in Albuquerque, the state's largest city, remains relatively weak, according to [a presentation given](#) by Dr. Lee A. Reynis, director of the University of New Mexico's Bureau of Business and Economic Research. Sectors that will drag the economy down include construction, the federal government, professional and technical services and manufacturing. But there are bright spots, too: mining, oil and gas production, technology, tourism and transportation.

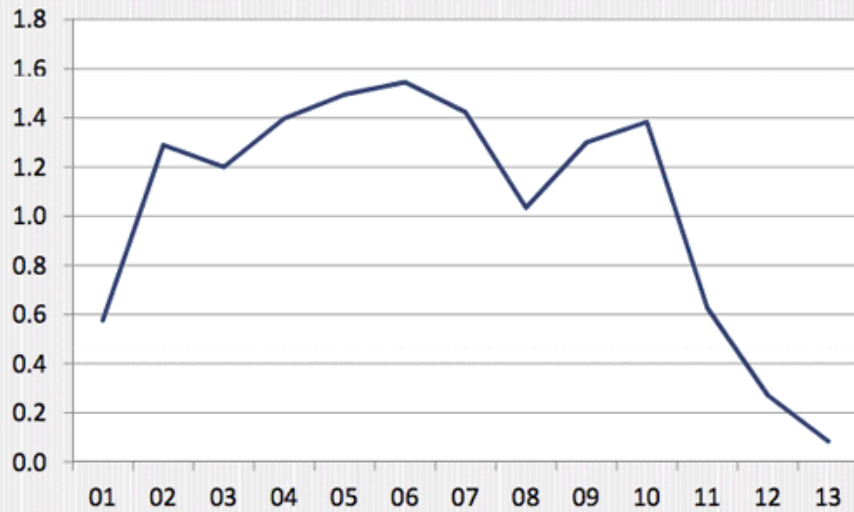
The state “needs to protect its water resources, to deal with income inequality and deep and persistent poverty, to address the inadequacy of its public education system,” Reynis concludes in her presentation.

Here are some of the highlights, which show the tough spot New Mexico is in:

Population growth is approaching zero

NM Population Growth Has Slowed Dramatically

Estimated % Annual Population Growth, 2001-2013



Source of data: US Census Bureau, Annual Estimates of Population, States

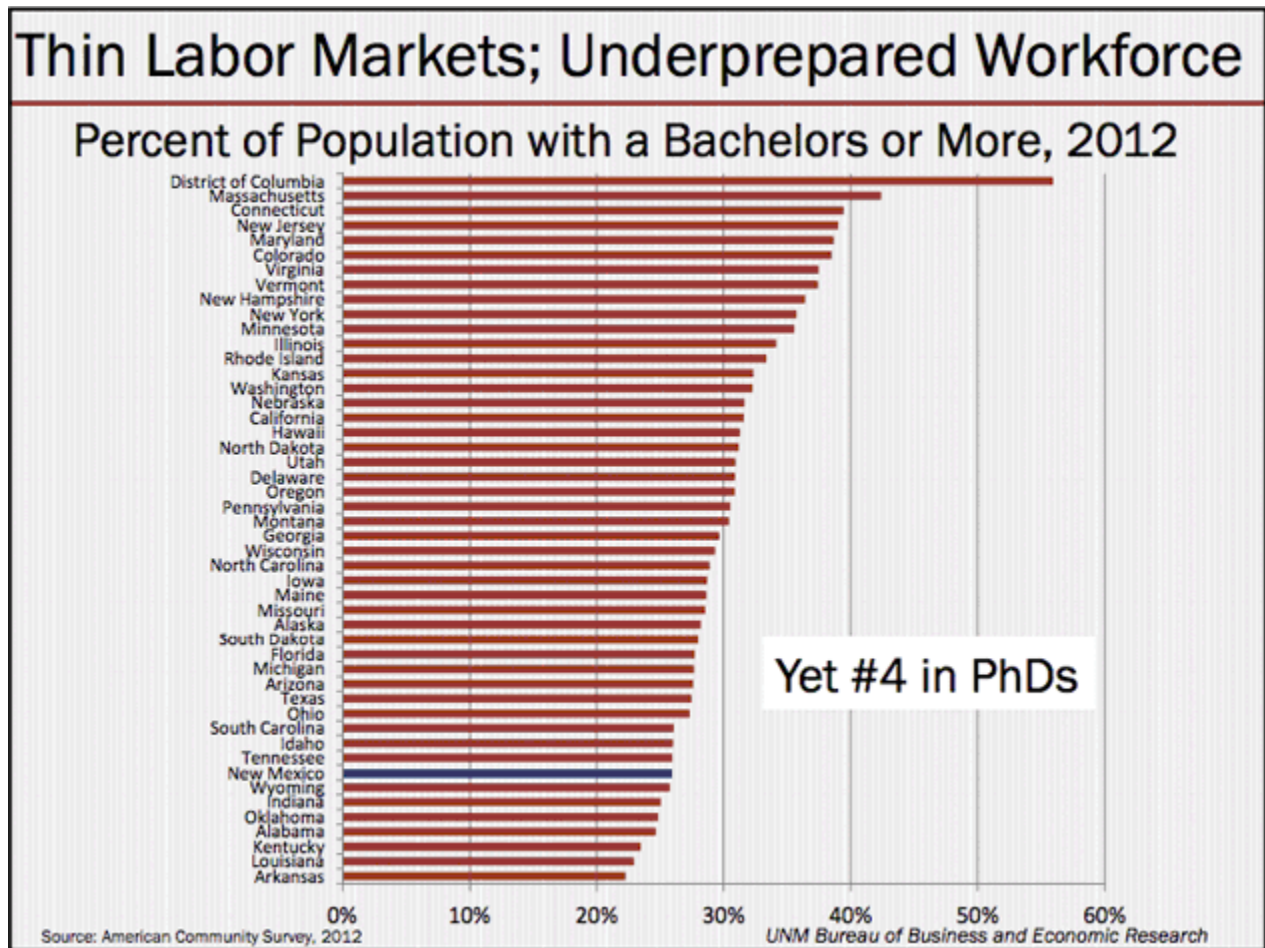
UNM Bureau of Business and Economic Research

Income disparities are bigger than in any other state

The tables below, from a [2012 Center on Budget and Policy Priorities report](#), shows that by the late 2000's, New Mexico was home to the widest gaps between its wealthiest residents and its middle and lower classes.

Greatest Income Inequality Between the Top and the Bottom, Late-2000s	Greatest Income Inequality Between the Top and the Middle, Late-2000s
1. New Mexico	1. New Mexico
2. Arizona	2. California
3. California	3. Georgia
4. Georgia	4. Mississippi
5. New York	5. Arizona
6. Louisiana	6. New York
7. Texas	7. Texas
8. Massachusetts	8. Oklahoma
9. Illinois	9. Tennessee
10. Mississippi	10. Louisiana
Greatest Increases in Income Inequality Between the Top and the Bottom, Late 1990s to Mid-2000s	Greatest Increases in Income Inequality Between the Top and the Middle, Late 1990s to Mid-2000s
1. Mississippi	1. Mississippi
2. South Dakota	2. New Mexico
3. Connecticut	3. Illinois
4. Illinois	4. South Dakota
5. Alabama	5. Alabama
6. Indiana	6. Connecticut
7. Massachusetts	7. Missouri
8. Colorado	8. Colorado
9. Kentucky	9. Florida
10. New Mexico	10. Oregon

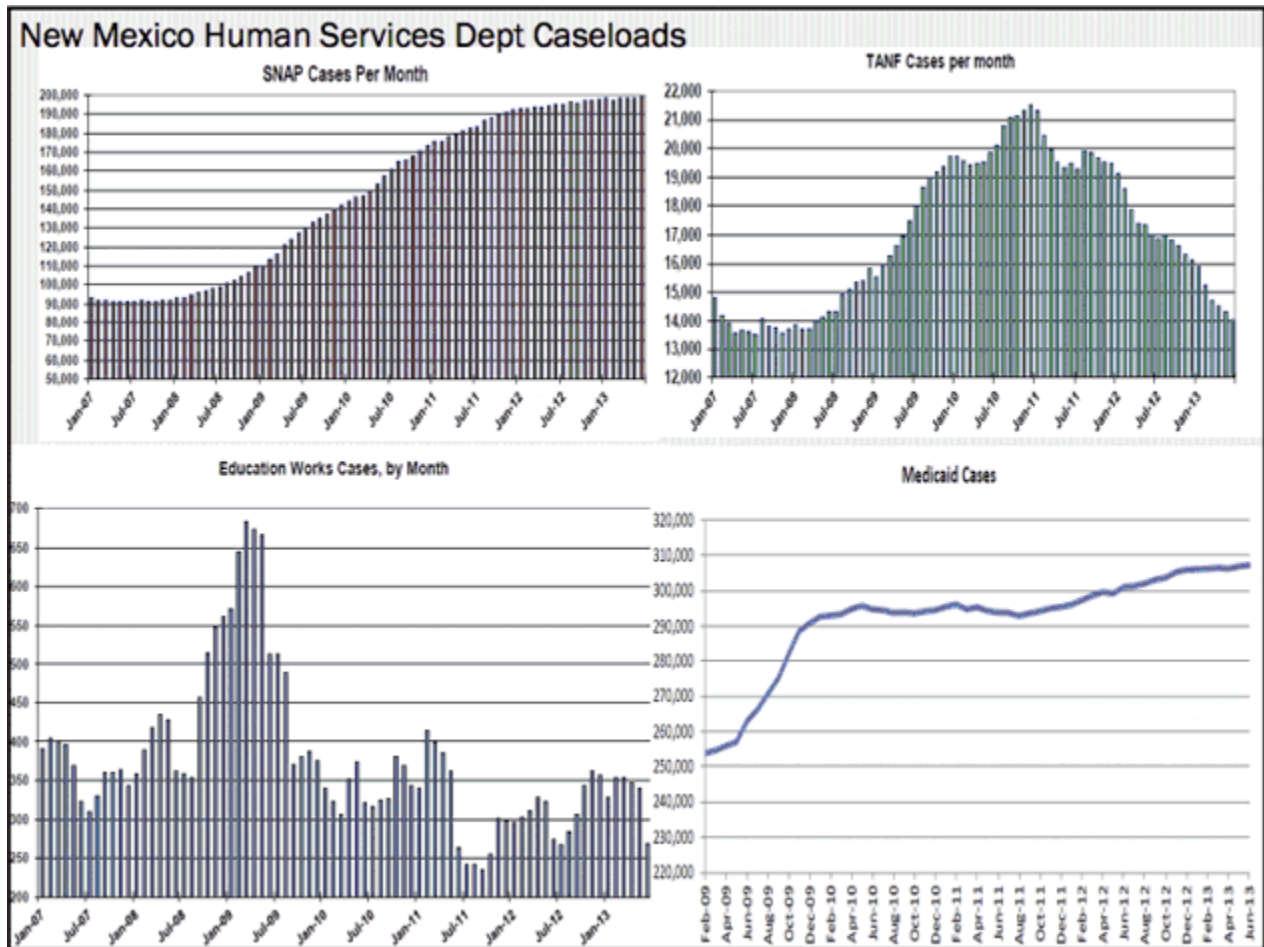
The education disparity is wide, too



A similar trend is apparent in education, with New Mexico ranking fourth among states on PhD holders and in the bottom 10 on those with a bachelors or higher degree.

Reliance on food stamps and Medicaid is rising

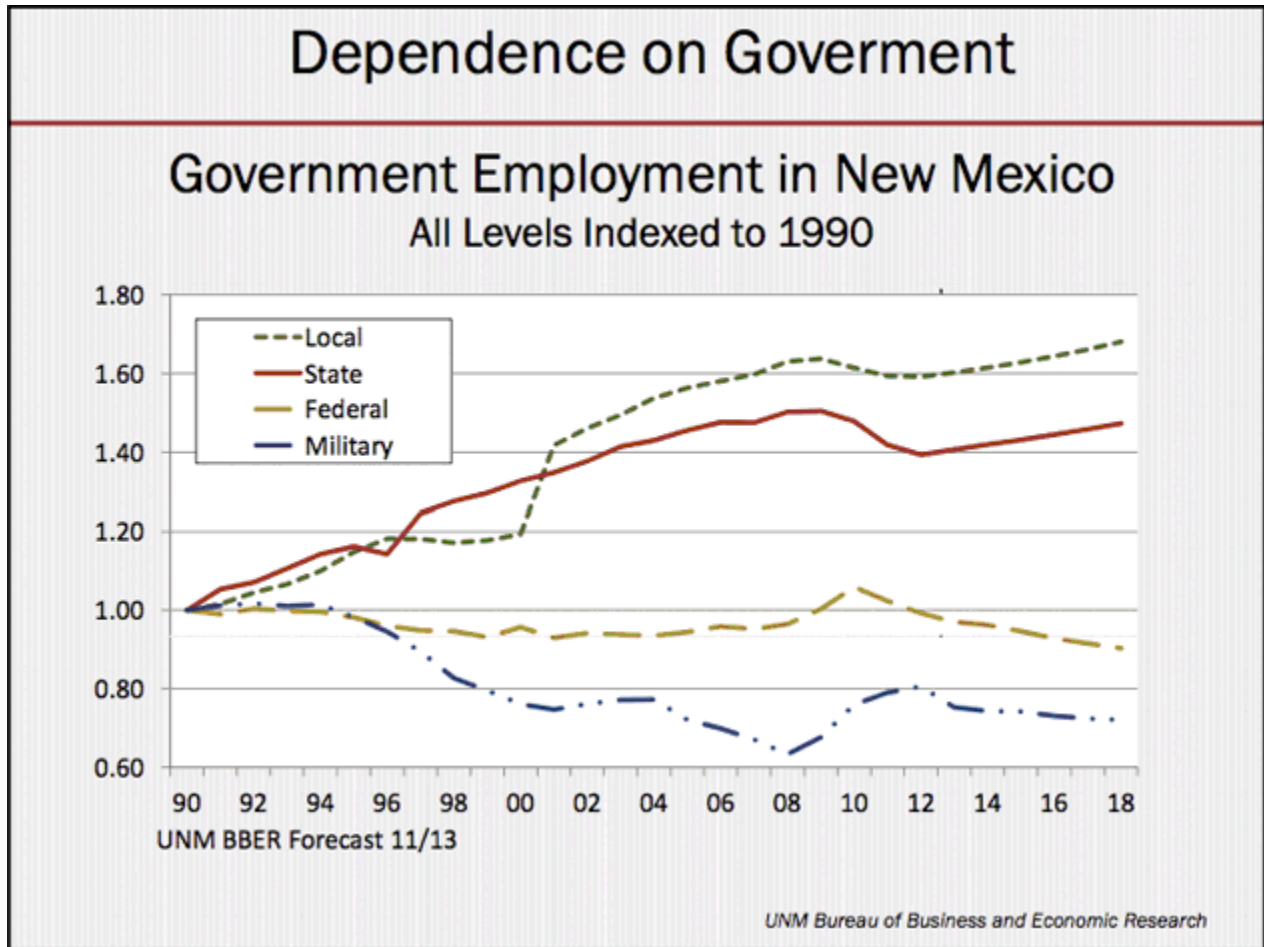
Over the past five years, there has been a big increase in the use of food stamps (top left) and Medicaid (bottom right). Welfare (top right) rose but is close to its pre-recession levels.



The state is highly reliant on the public sector

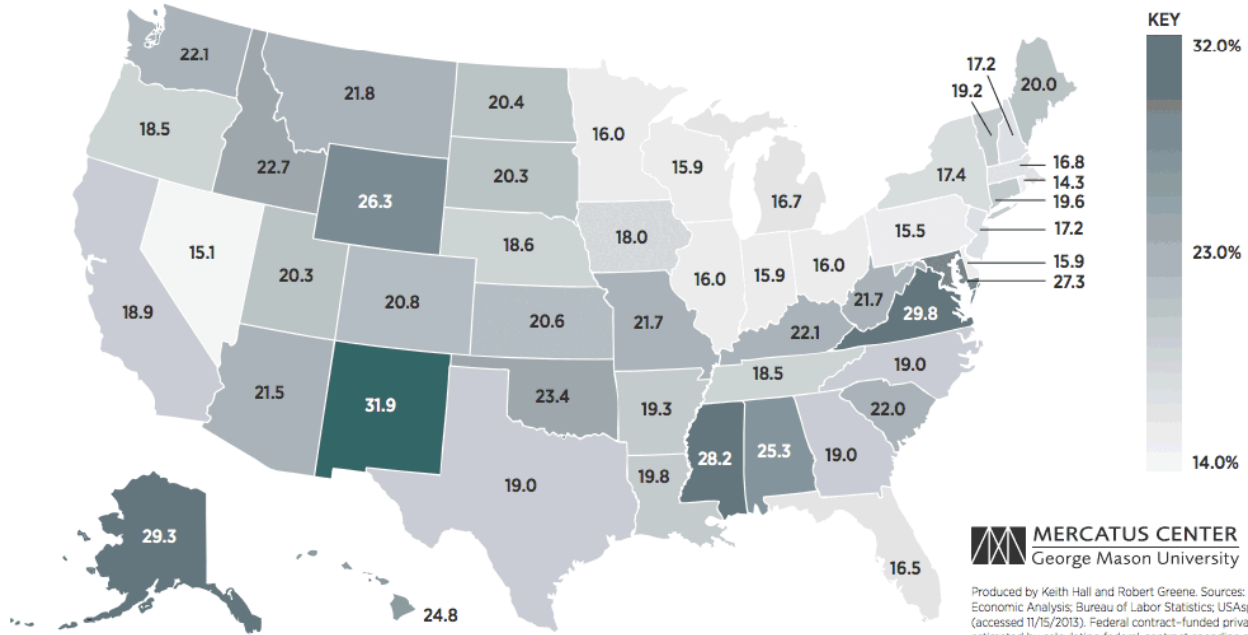
Local and state employment have risen significantly over the past 20 years, contributing to New Mexico's high reliance on the public sector.

Even though the graph below shows federal government employment has held relatively steady and military employment is down, both accounted for 4.8 percent of jobs in 2010, compared to a national 3 percent average. Federal spending in New Mexico was \$13,578 per capita, the sixth highest in the nation. As a share of federal taxes paid, New Mexicans got the most bang for buck.



The map below, [from a fall Mercatus Center report](#), shows the state's reliance on government in another way. The share of total jobs accounted for by the public sector and federal contracts was higher in New Mexico than any other state, a less-than-ideal reality given the recent trend toward slashing spending.

PUBLIC-SECTOR AND FEDERAL-CONTRACT JOBS AS A PERCENTAGE OF TOTAL JOBS

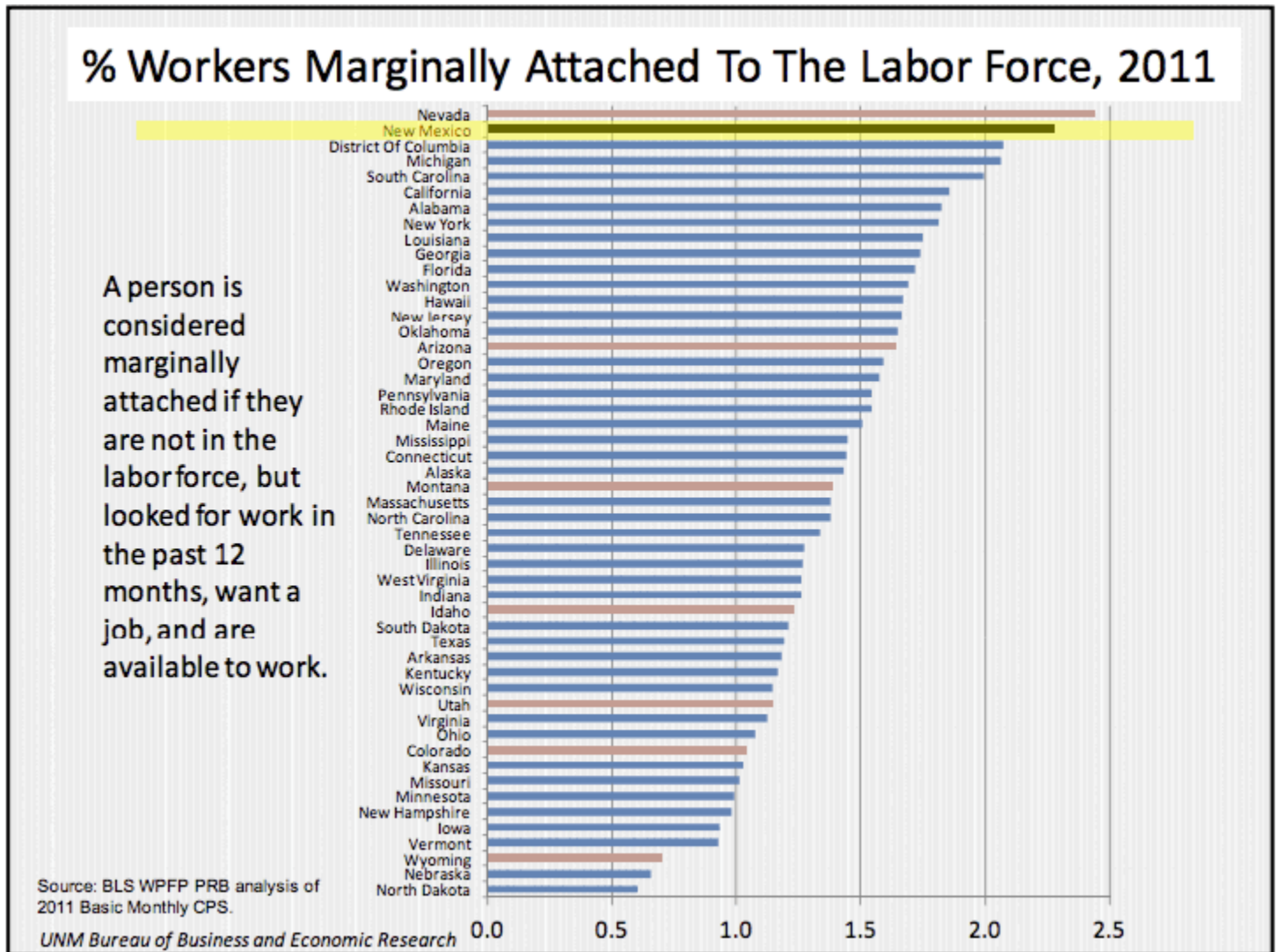


MERCATUS CENTER
George Mason University

Produced by Keith Hall and Robert Greene. Sources: Bureau of Economic Analysis; Bureau of Labor Statistics; USAspending.gov (accessed 11/15/2013). Federal contract-funded private-sector jobs are estimated by calculating federal-contract spending as a percentage of the sum of federal-contract spending and nonagricultural private-sector GDP and multiplying that percentage by total nonfarm private-sector payroll jobs.

Residents unable to live up to their work potential

The number of New Mexicans who are marginally attached to the workforce (see definition below) or involuntarily in part-time as opposed to full-time jobs is high. In fact, it basically doubled from 2007 to 2012, according to statistics cited in the presentation. An analysis of 2011 data, charted below, shows that New Mexico is second only to Nevada in its share of such workers.



Relatedly, job growth is very low in New Mexico. After ranking among the top 15 states in employment growth over the past 40 or so years, it was ranked 48 in November. Albuquerque, a key part of the state economy that bested state and national performance for years, was “seriously lagging,” Reynis said in the presentation. The problem is exacerbated by the fact that “in the good years growing employment masked many serious problems,” including the “extremely high” poverty, low per capita income and wages and racial and ethnic disparities in income and employment.

But many of the problems facing the state are ones facing the nation as a whole — some just tend to be more severe in New Mexico. And the presentation wasn’t all bad.

“It’s easy to find evidence of improvement,” Reynis said at the Thursday forecasting conference, according to [the Albuquerque Journal](#). Most sectors are adding jobs after nearly all were losing them in 2010, the paper notes.