

Effective Policies Can Increase Available Workers in New Mexico

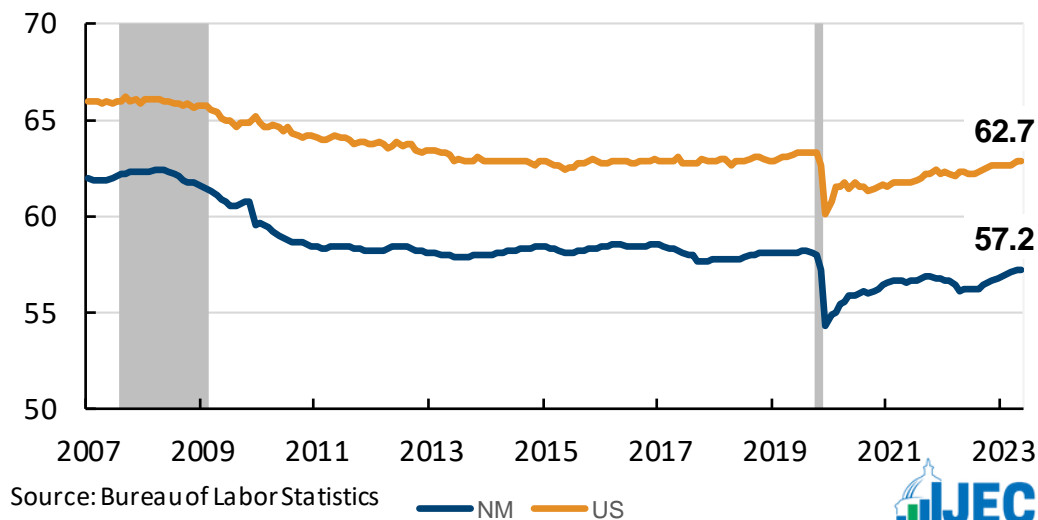
Massive federal investments from the Bipartisan Infrastructure Law, the Inflation Reduction Act, and the CHIPS and Science Act are reaching communities across the United States. One key to landing these investments in a particular community is an available workforce. While New Mexico’s labor force participation rate has remained below the national average for much of the last decade, sustained policy efforts can transform this disadvantage into an advantage right as we deliver the unprecedented federal investments from the last Congress. These needed policies include: expanding access to health and child care, boosting literacy rates, investing in broadband, and better training people for the jobs of the future. If these policies are executed in a sustained way, they can help transition more New Mexicans into the workforce and attract the federal and private investments spurred by the Inflation Reduction Act, the CHIPS and Science Act, and the Bipartisan Infrastructure Law.

Despite recent gains, there is still room to grow New Mexico’s labor force participation

In general, New Mexico has a lower labor force [participation rate](#) than the national average, regardless of age, sex, race and ethnicity, or veteran status. In a November 2022 analysis, the New Mexico Legislative Finance Committee [found](#) that nearly one-quarter of New Mexicans are of working age but not employed. New Mexico’s labor force participation rates have hovered [below the national average](#) for decades, but that gap has widened in recent years following the 2008 financial crisis. The graph below shows these trends in more detail.

New Mexico's Labor Force Participation Rate Remains Below the National Average

NM and national labor force participation rates from May 2007 to Oct. 2023



A range of effective policies can help increase labor force participation

Evidence shows that raising literacy and numeracy rates, increasing educational attainment, providing adequate job search and training services, expanding access to broadband internet, and providing access to affordable health and child care can help more people join the labor force. In New Mexico, several related policies have been enacted. For example, New Mexico now offers [free tuition](#) to public universities and colleges throughout the state. Child care is also now [free for families](#) with low to moderate incomes. However, it will take time and sustained implementation to see the effects of these policy changes on labor force participation rates.

Access to affordable health care raises labor supply and supports workers' performance

Providing health care coverage for low-income or unemployed individuals and families can lead to higher labor force participation. For example, states that opted to expand Medicaid in 2014 generally saw an increase in [labor supply](#). Health coverage through Medicaid has helped workers across the country to [look for employment](#) and [do a better job](#) at work. Poor physical and mental health, including chronic disease, are significant factors [associated with](#) workers exiting paid employment through disability insurance, unemployment, or early retirement. Employee well-being is [associated with](#) better job performance, lower absenteeism, and greater longevity of employment.

Many people in New Mexico face barriers finding and accessing health care providers, including mental health care providers

Accessing health care can be a serious challenge, particularly for Americans living in rural areas. The overall supply of health care providers is strained by limited [residency slots](#) and by the difficulty of [attracting and retaining](#) physicians in rural areas. New Mexicans, especially those living in rural counties, face barriers to obtaining maternal health care. One-third of New Mexico counties are [maternity care deserts](#), meaning they lack a hospital or birth center offering obstetric care and obstetric providers. Additionally, the Association of American Medical Colleges [found](#) that less than one-third of Americans live in a place where there are enough mental health professionals to meet their needs. Slightly more than half (51%) of all counties in the United States lack a practicing psychiatrist. An estimated one in [four](#) to [five](#) U.S. adults live with a diagnosable mental disorder.

Without support, mental disorders can affect a person's confidence and identity, capacity to work productively, and ability to gain or retain work. A 2016 study led by the UN health agency estimated that depression and anxiety cost the global economy [\\$1 trillion](#) each year mostly due to reduced productivity. Investments in technology and infrastructure can help Americans access health care professionals by [providing](#) telehealth options. Investments in the health care workforce, especially for rural and underserved areas, are critical to meeting the needs of New Mexicans.

Improving educational access and attainment, including in fundamental skills like literacy, creates a larger and more skilled workforce

Those with higher educational attainment typically have [greater participation](#) in the labor market and earn [higher wages](#). Higher educational attainment also helps [reduce the time](#) a worker is unemployed, and vocational education and training allow job seekers to find employment faster and obtain [higher-paying jobs](#). Literacy is a crucial step toward reaching higher education levels. For adults, literacy is [associated with](#) a higher chance of being employed and earning higher wages.

New Mexico has some of the lowest literacy and numeracy [rates](#) in the nation. In 2016, only [37%](#) of K-12 students in New Mexico scored “proficient or above” in reading. Even before the COVID-19 pandemic created unprecedented challenges for schools, a quarter of high schoolers [did not graduate on time](#). There is a pressing need to substantially improve literacy instruction and intervention for young students, especially in low-income areas. In the 2015-2016 school year, nearly [90%](#) of elementary and secondary schools were eligible for Title I funding, meaning at least 35% of students at those schools are from low-income families.

Participation in high-quality, organized learning at an early age increases the chances of [better education outcomes](#) later in school, especially for children from disadvantaged socioeconomic backgrounds. [Recently unlocked](#) early childhood education investments will be a critical first step to closing the opportunity gap among New Mexico’s children.

Supporting and expanding culturally and linguistically responsive teaching can [improve](#) students’ socioemotional development, educational outcomes, and overall well-being. At the same time, systemic discrimination and a lack of representation in educators and school leadership must be addressed. According to a [report](#) by NewMexicoKidsCAN, 61% of enrolled Pre-K-12 students identified as Hispanic in the 2016-2017 school year, while only 34% of teachers were Hispanic. Similarly, American Indian students represented 11% of New Mexico’s student body in 2016-2017, while only 3% of teachers identified as American Indian. To remedy these gaps, many New Mexican higher education institutions offer special [pathways](#) for teacher education, require [multicultural](#) education courses for prospective teachers, and highlight their programs’ focus on [culturally](#) and [linguistically responsive teaching](#). New Mexico Public Education Department also provides resources for culturally and linguistically responsive [frameworks](#) and [instruction](#).

Ensuring job opportunities for young people can stem outmigration and help address labor shortages

Outmigration of working-age populations complicates efforts to improve labor force participation rates. From 2010 to 2020, the population of men and women aged 25-54 in New Mexico declined by [2.3% and 5.3%](#), respectively, resulting in a net negative loss of nearly 11,000 prime-age workers. Of particular concern is the so-called [brain drain](#), or the outmigration of the state’s most highly educated and talented workers, including those in STEM, who tend to [earn more](#). A majority of the individuals who left the state between 2011 and 2016 were [college-educated](#). This leads to a loss of tax revenue, future entrepreneurs, highly skilled workers, and confidence

in the economy — fueling the perception that opportunity in the state is scarce. Graduates who leave the state often cite better job markets outside of the state as a [reason](#) for leaving.

Though solving the brain drain problem will not be easy or fast, New Mexico is more likely to stem outmigration by employing a holistic approach to creating jobs and connecting New Mexicans to them. Unprecedented federal investments, such as the Inflation Reduction Act (IRA), the Infrastructure Investment and Jobs Act (IIJA), and the CHIPS and Science Act are already expanding job opportunities in New Mexico. To capitalize on [increased labor demand](#) made possible by the IRA, New Mexico will need to produce more STEM graduates and train technical workers in industries like manufacturing, advanced robotics, and cellular broadband. The CHIPS and Science Act also authorized a significant increase in basic research funding, including support for the [national labs](#).

Well-designed job and career training programs can match those currently out of the labor force with promising career opportunities in high-need occupations

Effective active labor market policies or programs (ALMPs) give workers the skills and networks to enter the labor force and find gainful employment. ALMPs should be designed to reflect the needs of their populations and their programs to promote equity and effectiveness. To do so, ALMPs should focus on vulnerable populations, such as those with limited work experience, dependent care obligations, low skills, or health limitations. Successful [programs](#) strengthen soft skills, develop job-specific abilities, assist potential workers in finding and applying for jobs, and provide follow-up support to ensure graduates stay engaged in their careers.

While ALMPs are an important way to improve labor force participation, the needs of vulnerable groups are complex and require a holistic approach. Consistent monitoring and evaluation of ALMPs can help ensure that policies are more responsive to changes in the labor market, such as during a shock like a pandemic or in a transition to clean energy, and can better integrate with other policies intended to raise the labor supply.

The demand for health care and clean energy jobs in New Mexico is high

Like most states, New Mexico has a [dire need](#) for health care workers. Health care roles make up [half](#) of the 20 fastest-growing occupations in New Mexico, with home health and personal care aides seeing the highest number of annual job openings among health care roles. The clean energy economy is also providing ample job opportunities to New Mexicans. Even before historic federal investments in clean energy, the two [fastest-growing occupations](#) in New Mexico were wind turbine technicians and solar panel installers. ALMPs that connect New Mexicans to health care and clean energy jobs will help them find meaningful work that pays a living wage.

Increased broadband access can connect more people with employment opportunities

Access to affordable, reliable internet helps job seekers find and apply for work. For low-income individuals, [access to affordable internet](#) could help increase labor force participation and

decrease the chances of being unemployed. The internet is now an essential tool for education, access to goods and services, and communication—all of which can support an individual when seeking or training for employment. Increasing access to broadband has greater effects on certain populations. For example, greater usage of high-speed internet has been found to increase labor force participation and hours worked by [married women with children](#), an effect likely attributable to increased telework and time saved on household tasks such as shopping and bill payment.

The COVID-19 pandemic demonstrated the need to expand access to broadband in rural and Tribal areas, especially for education and work purposes. Rural and Tribal areas in New Mexico continue to be [underserved and unserved](#), lacking reliable broadband connection. Investments in broadband, especially for rural and Tribal areas, have the dual benefit of directly creating jobs and improving affected residents' chances of securing employment. Recent federal investment in expanding broadband and related infrastructure is likely to create [23,000](#) new jobs nationwide while supporting additional employment among those newly connected to broadband.

Benefits for families can help parents enter the labor force, but take time to make a difference and require good implementation

Access to child care is a significant factor in determining certain populations' availability to work. A lack of access to child care disproportionately affects women, single parents, families of color, those with immigrant status, and low-income families. Nationwide, the families of approximately one in six Latino children aged five and younger experienced job changes related to a lack of child care. For Latina and American Indian and Alaska Native mothers, center-based [child care for two children](#) consumed 42% and 51% of household income in 2017. Support for affordable child care, flexible work policies such as teleworking, and parental leave can create the [necessary conditions](#) for women with young children to join the labor force. New Mexico recently passed measures to provide free child care for low-income families. This is an important step in the right direction, but its effects on labor force participation are not likely to be seen immediately, particularly as New Mexico has been experiencing a [shortage](#) of qualified child care professionals. As the state builds capacity in this field, more potential workers will be able to enter the labor force.