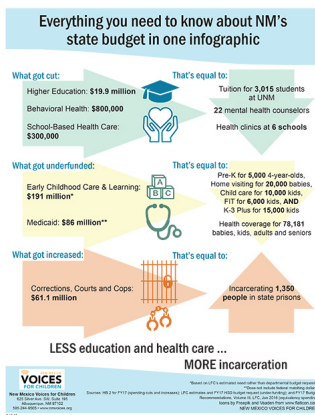


No rich people or corporations were harmed in the making of this budget (but plenty of other people were)

Written by By Bill Jordan NM Voices for Children
Friday, 01 April 2016 00:58



Faced with a revenue shortfall while crafting the state budget, the majority of our lawmakers chose to protect tax cuts for corporations and the rich—even though there's absolutely no evidence that they've created any jobs—and voted instead to force more than \$400 million in cuts to Medicaid.

After years of enacting massive tax cuts, then getting hit with a rapid drop in gas and oil prices just before the 2016 legislative session, New Mexico lawmakers had to find a way to balance the state's budget with a whole lot less money than they had anticipated. Medicaid is the state-federal program that provides health care to children, low-income adults, the elderly, and the disabled. For every state dollar we spend, we draw down three to four dollars from the federal government, so it's a great deal for our doctors, hospitals, and residents who could otherwise not afford health care.

There are only a couple of realistic choices when the state is short on cash: provide fewer services by cutting spending or raise more revenue by increasing taxes. Governor Susana Martinez has made it clear that she will not sign any tax increases. Two bills were introduced

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that would have delayed—just for a year or two—a massive corporate income tax cut that will cost the state hundreds of millions of tax dollars when fully phased in (and considerably more than it was projected to cost). Those proposals would have simply delayed a tax cut and would not have raised taxes. Still, these bills never got serious consideration.

To their credit, forward-thinking legislators introduced more than a dozen bills that would have raised revenue as an alternative to cutting vital services. There were bills for raising tobacco and e-cigarette taxes, increasing personal income taxes for the very rich, and repealing a capital gains tax break that didn't create the jobs its supporters claimed it would. Like the corporate tax cut delay, these proposals got no serious debate.

Instead, some lawmakers led the way and chose austerity and cut the budget—deeply. So instead of fueling the job creation in the one sector of our economy that is growing—health care—they ordered more than \$400 million in cuts to Medicaid. Cutting Medicaid will almost surely slow economic growth in the one job sector that shows any signs of life. Not only is Medicaid spending providing new health care jobs but there has been a significant increase in construction activity as providers build facilities to accommodate more people seeking health care services. The legislative austerity plan is like pulling the plug on an already stagnant economy and it puts us on the verge of a double dip recession.

More importantly, it could endanger the health of our children, low-income families, elderly and disabled.

Medicaid is already under-resourced. The NM Human Services Department has been under a federal court order for years for failure to properly enroll all eligible applicants and manage the Medicaid program. Cutting \$400 million from an already underfunded program is likely to compound these administrative problems.

The state's Human Services Department is already deciding how to handle this huge and unexpected cut. In other words—whom to harm and by how much. Payments to health care providers will be cut and benefit plans to recipients may be slashed. The state is also considering increasing co-pays and premiums, which will keep many low-income New Mexicans from accessing the health care they need. You are encouraged to share your suggestions with the NM Human Services Department: <http://www.hsd.state.nm.us/medicaid-public-comment.aspx>

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The sick and the elderly will pay more and get less. But at least the wealthy and corporations were not harmed.

By Bill Jordan

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Bill Jordan, MA, is Senior Policy Advisor/Governmental Relations for NM Voices for Children. Reach him at bjordan@nmvoices.org.