

State Population Trends

Summary

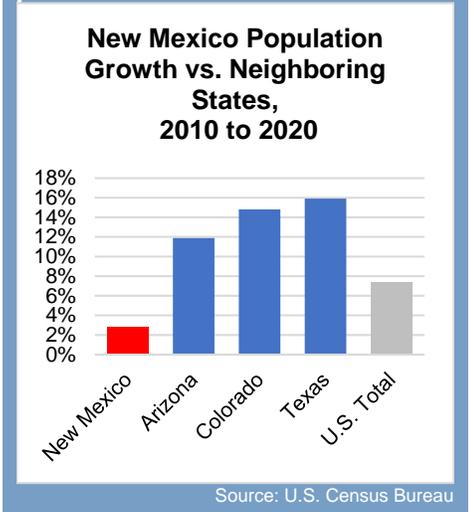
Over the last decade, New Mexico's population growth stagnated compared with the United States and neighboring states – growing only 2.8 percent while the country's population grew by 7.4 percent and the population in neighboring states grew by 14.2 percent. New Mexico's population growth was concentrated in the over 65 age group, and regionally, in urban areas and in the Permian Basin (both likely associated with economic activity). Other key demographics are seeing a continuing decline in population due to lower birth rates and more people leaving New Mexico than moving to the state since 2012.

Between 2010 and 2019, New Mexico's birth rate fell by 19 percent, and the under-18 population shrank by 8.3 percent. At the same time, the working-age population (18 to 64) declined 2 percent, and the over 65 population grew 38 percent. While the state's non-Hispanic white population shrank slightly and the Hispanic population grew slightly, the Native American population grew almost 10 percent from 2010 to 2019, signaling long-term growth in the state's diversity.

In about a decade, New Mexico is projected to start seeing overall declines in population. Projections indicate declines in younger ages and rural areas will continue and likely be exacerbated by Covid-19. Given the status quo, New Mexico is heading toward having more, older New Mexicans using relatively expensive public services (e.g. Medicaid and Medicare) and fewer, younger New Mexicans in school and working. While birth rates are continuing to fall, 43 percent of children who disenrolled from public schools during Covid-19 are moving out of the state, and the number of high school graduates is projected to decline 22 percent by 2037. The state should be intentional about right sizing capacity or examining alternative strategies to address these trends. For example, LFC reports have repeatedly documented the consequences of overbuilding pre-school capacity for 4-year-olds given the declining birth rate and has documented instances of lost federal dollars due to lack of coordination. Additionally, since 2016 public school enrollment declined at a rate of 3 percent a year and higher education declined at a rate of 5 percent a year. Meanwhile, the state's working age population is shrinking due to net-outmigration.

The Covid-19 pandemic will likely further exacerbate some of the state's population trends. The Brookings Institute found that Covid-19 will likely lead to a further decline in birth rates. Key economic drivers of the New Mexico economy, including the oil and gas industry associated with some of the state's only population growth over the last decade, are slowly recovering. Given evidence that economic and social factors are drivers of population growth, next steps discussed include focusing on higher education and the workforce needs so the state has qualified workers to fill in-demand positions. Next steps regarding right sizing capacity for services are also discussed.

New Mexico's population only grew 2.8 percent from 2010 to 2020, below the national average of 7.4 percent and far below neighboring states, where average growth was 14.2 percent



Spotlight

Program Evaluation Unit
Legislative Finance Committee
April 2021

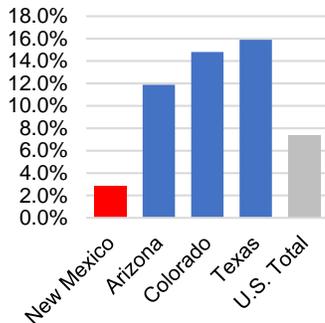


NEW MEXICO
LEGISLATIVE
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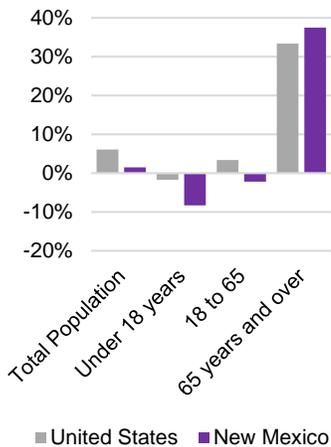
New Mexico's Population is Plateauing while becoming more Diverse, Urban, and Older

Chart 1. New Mexico Population Growth vs. Neighboring States, 2010 to 2020



Source: US Census Bureau

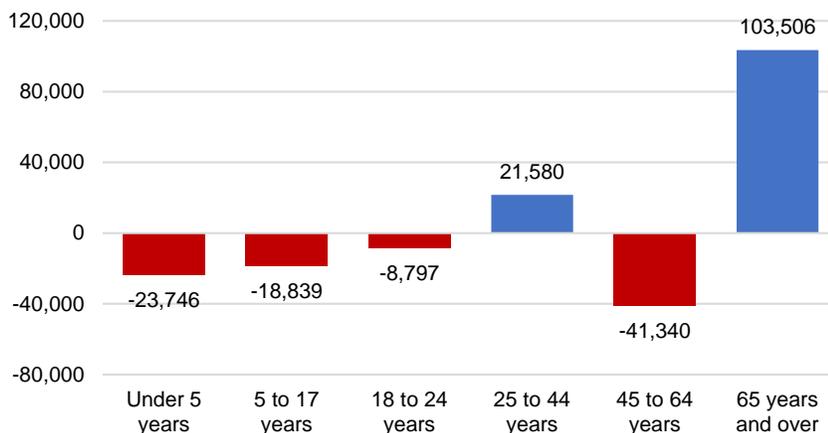
Chart 2. Population Growth by Age Group for New Mexico vs. the United State, 2010 to 2019



Source: US Census Bureau

While most southwestern states are growing at rates far above the national average, New Mexico lags behind. The population grew in Colorado, Texas, and Arizona between 12 percent and 16 percent from 2010 to 2020. However, New Mexico's population grew by only 2.8 percent, driven almost completely by a 38 percent (105 thousand) increase in the over-65 population. While neighboring states continue to gain population through migration from other states, New Mexico had negative net migration of working-age people every year since 2012, likely due to New Mexico's relatively weak economy and poor rankings in education, health, and safety. As a result, New Mexico is losing population across most all other age groups, especially the under 18 demographic, which declined by 8.3 percent. The decrease in population from out-migration is exacerbated by declining births, down 21 percent since 2010.¹

Chart 3. Changes in Population, New Mexico 2010 to 2019



Source: U.S. Census Bureau, Population Division

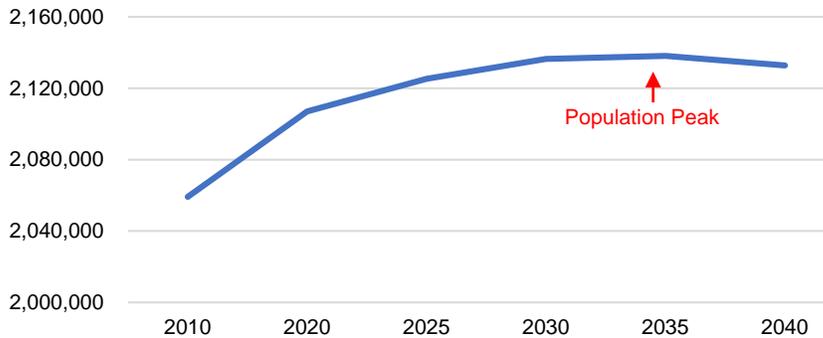
Slow population growth is projected to continue for at least a decade before declining. New Mexico's population is not projected to grow above 2.2 million and will likely peak within the next 20 years under the current trends. The state is nearing a point of zero or negative population growth. Births are declining and out-migration is outpacing in-migration. The population will continue to grow slowly because the number of births still outpace the combined number of deaths and out-migration, but in the next 20 years, this will likely change. According to a forecast from the University of New Mexico Geospatial and Population Studies Department, the population will peak around 2.14 million and begin to decline in 2035.²

¹ All 2010 population data is calculated using the July 1st American Community Survey estimate. Percent drop in number of births is calculated using 2020 and 2010 data.

² Projections in this section were conducted using 2010 census data. As new data from the 2020 census is completed, more accurate projections will become available.



Chart 4. New Mexico Projected Population, 2010 to 2040



Note: The population is projected to peak in 2035 and then begin to decline. These projections were made using 2010 Census estimates, and will likely be updated after 2020 Census estimates are released in August.

Source: UNM, Geospatial and Population Studies Department

According to population projections from the University of New Mexico’s Geospatial and Population Studies Department, the state’s over-65 demographic will likely see the greatest growth of any age group, increasing by over 80 thousand between 2020 and 2040, according to projections. The 50-to-64 age group is expected to grow very slightly, while the youth population is projected to see the greatest decline. The group from birth to age 14 group is projected to shrink by close to 40 thousand and the working-age population is projected to decline by 30 thousand. However, the growth for the population age 65 and over will likely peak in 2035, and from 2035 to 2040, the only age group expected to grow are those between the ages of 50 to 64.

Table 1. Projected Change in Population by Age Group from 2020 to 2040

Age Group	2020	2040	Percent Change
0 - 14	372,945	334,825	-10.2%
15 - 49	953,502	932,422	-2.2%
50 - 64	392,483	395,849	0.9%
65+	388,051	469,659	21.0%

Source: UNM, Geospatial and Population Studies Department

The state’s population is becoming more diverse. According to U.S. Census Bureau data, between 2010 and 2019, the white population in New Mexico spiked and then dropped by about 10 thousand people (a 0.5 percent decline, see Appendix A), while the Native American population grew by roughly 20 thousand (an increase of 9.7 percent). At the same time, the Black and Asian populations each grew by roughly 5,000 (increases of 11 percent and 20 percent, respectively). Regarding ethnicity, the state’s non-Hispanic population declined by 40 thousand (3.9 percent), while the Hispanic population grew by nearly 75 thousand (7.8 percent).



Chart 5. New Mexico Population by Ethnic Background, 2010 to 2019

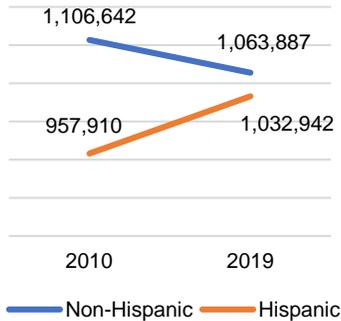


Chart 6. New Mexico Non-White Populations, 2010 to 2019)

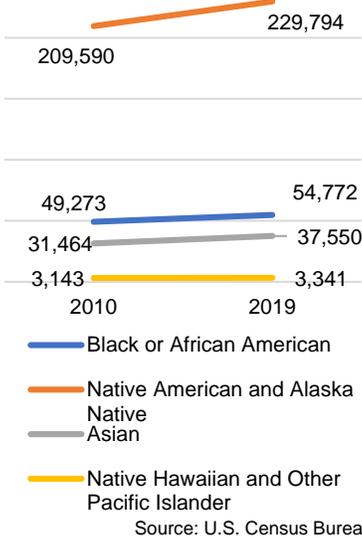
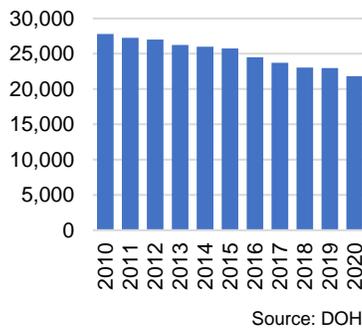


Chart 7. Babies Born in New Mexico, 2010 to 2020



The high growth rate of the Native American population is consistent with national trends. According to the U.S. Census Bureau, roughly 2.8 million people identified as Native American nationally in 2019, an 11 percent increase from the 2.5 million who identified as Native American in 2010. However, the Native American population may have been undercounted in the past. The Census Bureau has made it a priority to improve counting on Native American reservations, which may lead to a larger increase in the 2020 census.

Due to a falling birth rate, the state has 16.4 percent fewer young children than it did a decade ago, and the economic impacts from Covid-19 will likely exacerbate the downward trending birthrate. Although the under-5 population shrank nationwide by 9.6 percent since 2010, New Mexico’s under-5 population declined at a much higher rate. In New Mexico, this decline in children was mainly due to a 19 percent decline in birth rates (the average number of children that reproductive-age women have). The fall in the state’s birth rate was partly due to a reduction in teen births, which fell 57 percent from 2010 to 2019.

The Brookings Institute found the Covid-19 pandemic will likely lead to a decline in the national birth rate, with estimates that the decline could lead to as many as 300 thousand to 500 thousand fewer births next year. In 2019 there were 3.79 million births throughout the United States, therefore a reduction of 300 thousand to 500 thousand would be a decline of between 8.1 percent to 13.2 percent. A CBS news analysis of 29 states found a 7.3 percent decline in births in December 2020, nine months after the Covid-19 pandemic began.

The decline in births over the past year is consistent with a phenomenon during previous recessions. The hardships and uncertainty caused by economic recessions mean fewer people are willing to have children. The 2008 financial crisis led to a 6 percent decline in birth rates between 2007 and 2012, which correlated to roughly 400 thousand fewer births. In New Mexico, the birth rate dropped by 12 percent over that period, or roughly 3,600 births. Both the national and statewide birthrates have declined year over year since 2008.

Fewer births means fewer children and young adults in state education and care. In 2010, there were 27.8 thousand births in New Mexico compared with 21.8 thousand in 2020. This decrease of approximately 5,900 births will impact state-funded education from prekindergarten to higher education. The declining birth rate was highlighted in the 2019 LFC *Early Childhood Accountability* report, which stressed the need for improved coordination of early childhood services. In particular, the report noted the Legislature would need to reorient funds to improve programs and ensure resources are deployed in a way that does not potentially crowd out federal funding. As an example, the state has the capacity to serve 80 percent of the 4-year-old population through various early childhood programs, such as prekindergarten and Head Start. However, even without additional funding, state and federal early childhood programs will have enough capacity in four years to serve 90 percent of the state’s 4-year-olds, due to the drop in births.

Table 2. Early Childhood Capacity for 4 year olds

Year When Age 4	Births	Slots	Percent Capacity
2020	24,503	19,703	80%
2024	21,820	19,703*	90%

Note: Assuming slots are held constant through 2024.

Source: LFC files

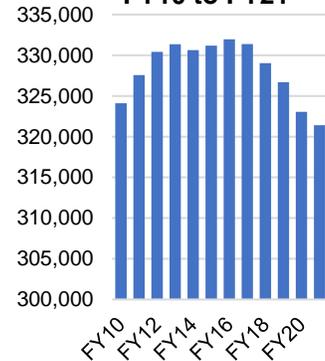
Public school enrollment has declined in recent years, a trend likely to continue. Student enrollment steadily declined from a peak in FY16 by an average of 3 percent a year and will likely continue to decline, following a pattern similar to births. In FY16, there were 332 thousand students, whereas in FY21 there were only 321 thousand. Student enrollment in public education in academic year 2020-21 decreased 3.9 percent from academic year 2019-2020, although the decline is likely distorted by the impact of the pandemic. This was a much sharper decrease in enrollment from the previous year, which decreased by 0.9 percent (see Appendix B). The largest decreases were in prekindergarten (-20.1 percent) and kindergarten (-12.5 percent).

Forty-three percent of students who disenrolled from public schools in academic year 2021 moved out of state, which is likely to have a lasting impact on public school enrollment. Due to factors, including school closures and disengaged students, school districts report a steeper decline in enrollment for academic year 2021 than in previous years. The Public Education Department surveyed those families who disenrolled this past year, finding that 43 percent cited moving to another state as the reason their students left New Mexico public education. Most families who were found by PED were from the southern and metro areas of the state; therefore, these regions are most likely to have had almost half of their students who disenrolled leave for another state. Disenrollment was also related to the number of students dropped for lack of attendance, being homeschooled, and re-enrolled in a public or charter school. Furthermore, according to LFC estimates, only 55 percent of students who disenrolled during the 2021 academic year are likely to return. This may be especially unlikely for those who move out of state.

According to 2020 LFC *Policy Spotlights* on the impact of Covid-19-related school closures, New Mexico took a particularly aggressive response to Covid-19 compared with most other states, ordering the closure of schools and other protective health measures for over a year. During the pandemic, LFC staff heard numerous anecdotal accounts of parents moving out of state to enroll their children in neighboring state schools. PED recently provided data supporting this anecdotal evidence showing that approximately 43 percent of students who PED could not reach during the pandemic moved out of state. Due to the pandemic, the state may see changes in its population. It will take several years to fully measure the impact of the Covid-19 pandemic, but preliminary data can be used to predict some of the possible outcomes.

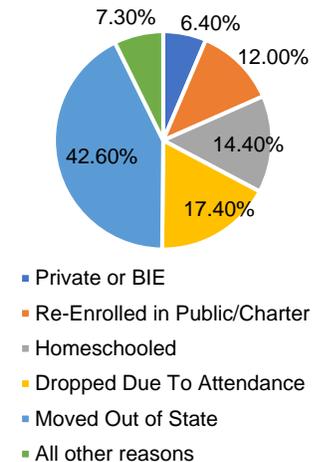
Because birth rates have declined since 2010 and because school closures related to Covid-19 have led to a sharp decrease in student enrollment, the state's public education system may need to determine how to best serve a

Chart 8. New Mexico Public School Enrollment, FY10 to FY21



Source: LFC Files, Volume 3

Chart 9. Reasons for Disenrolling from Public Education, SY2020 to SY2021



Source: PED

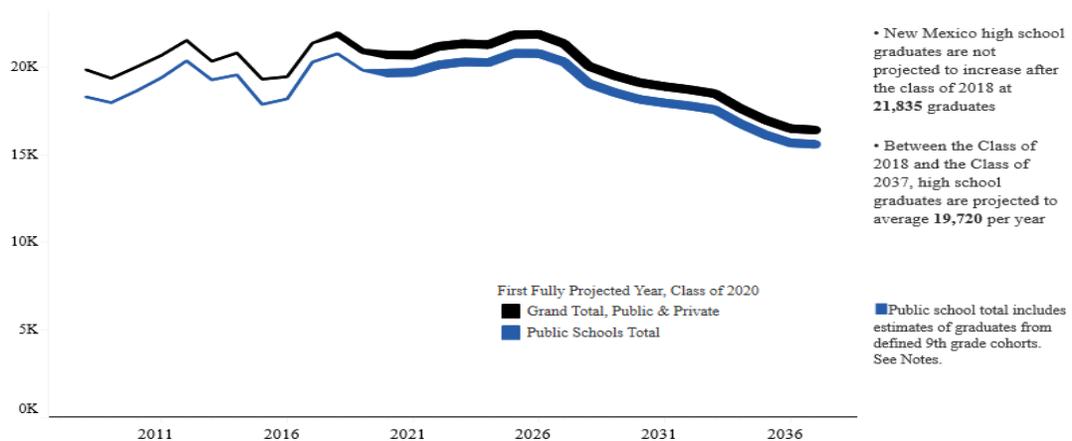
During the 2020-21 school year, school districts with fewer than 100 students (micro districts) were able to return to in-person learning before the rest of the state because their facilities were considered large enough to accommodate social distancing. Only four districts took advantage of this exemption, but the exemption's existence indicates a district's ability to serve those students may improve as school populations shrink.



smaller number of students, particularly in rural areas that have seen larger declines. However, adjusting public school systems to respond to decreased capacity needs can be difficult. A 2019 LFC evaluation on northcentral school districts found Santa Fe Public Schools studied school consolidation due to declines in enrollment but lacked community support. School districts may want to look to other states or regions for examples of strategies to address declining student enrollment. According to the Public Policy Institute of California, states can help districts by providing technical assistance in enrollment planning, as well as help make gradual adjustments. In New England, many states consolidated schools, which can lower capital costs and ensure the districts are more fully leveraging resources.

Higher education institutions will likely see continued enrollment declines due to population trends. The Western Interstate Commission for Higher Education (WICHE) published projections in December 2020 showing an initial increase of high school graduates through 2025, followed by a drastic 22 percent decrease in New Mexico high school graduates through 2037 (see Appendix C). According to data published by the Higher Education Department, enrollment has declined an average of 5 percent every year since 2016. In the 2017 LFC report *Higher Education Cost Drivers and Cost Savings*, staff noted many New Mexico higher education institutions continue to over-project enrollment by thousands of students in master plans. The report recommended colleges and universities focus on improving retention rates to bolster enrollment.

Figure 1. Projected Change in High School Graduates in New Mexico, 2008 to 2037



Note: See Appendix C for more detailed projection information.

Source: WICHE

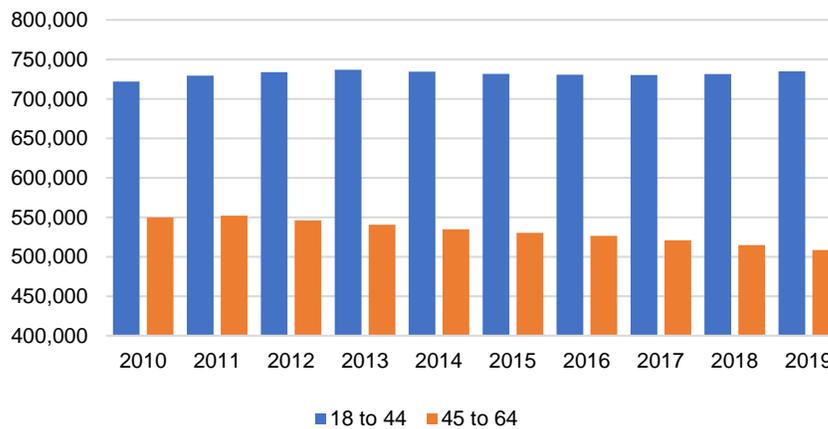
A 2017 LFC program evaluation found, with this projected enrollment decline, higher education institutions may need to determine how to boost enrollment with other strategies, including focusing attention on improving retention rates, which should bolster enrollment, boost tuition revenue, and save on recruitment costs. In 2018, LFC released a higher education funding formula evaluation that found, for many institutions, enrollment had declined between 8 percent and 46 percent while expenditures per student grew between 11

percent and 96 percent (see Appendix D for per-pupil spending from FY10-FY19). In the 2017 LFC evaluation and another 2020 hearing brief, LFC staff discussed multiple cost-savings measures, including inter-institutional online course sharing, sharing of services and resources, reduction of space requirements, and creation of a statewide higher education institution consortium.

New Mexico’s working age population decreased due to net-outmigration, but the oil-boom in the Permian Basin mitigated this decrease.

Combined, the 18-to-64 demographic shrank 2 percent between 2010 and 2019, but the 18-to-44 sub-population group actually grew by 13 thousand (2 percent). This growth, however, was eclipsed by the shrinking of the 45-to-64 population over the same period, with 41 thousand, or 7.5 percent, fewer people in that age bracket.

Chart 10. Working Age Population Changes 18 to 44 and 45 to 64, 2010 to 2019



Source: Census Bureau

The small increase in the 18 to 44-year-old population is likely driven by job opportunities in the Permian Basin. One reason for the increase in the 18-to-44 population may be an influx of workers to the Permian Basin, due to an increase in job opportunities in those communities. Two of the five counties with the highest influx of people between the ages of 18-to-44 were in the Permian Basin. Eddy County had an increase of 3,183 people, the third highest increase in the number of individuals moving to a county from 2010 to 2019. This represents an 18 percent increase in population for this age group, the largest percent increase in the state for that timeframe.

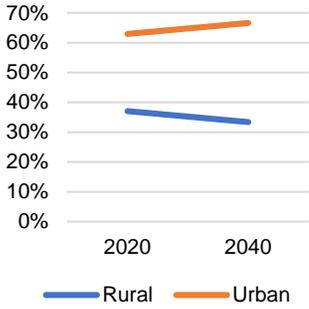
In the past year, the pandemic and fluctuating oil prices may cause people to leave these counties, especially because both border Texas which has largely kept schools open and performs better on a number of economic metrics. In Eddy and Lea counties, gross receipts from the mining, quarrying, and oil and gas extraction industry dropped more than 40 percent between the second quarter of FY20 the second quarter of FY19, with total gross receipts in both

Economic drivers contribute greatly to the population growth of a state. Lea County had one of the highest rates of economic growth over the past 10 years, growing by about 9 percent. According to a 2015 report from the University of New Mexico’s Bureau of Business and Economic Research (BBER), the oil industry comprises 26 percent of Lea Counties’ jobs and has been a major factor in bringing more workers into the area.

In contrast, Colfax County had the highest rate of population decline since 2010, roughly 15 percent. The county has relatively few economic drivers. Its position along the Interstate-25 corridor brings in some business, according to BBER. However, it must compete with the relatively larger towns of Las Vegas and Trinidad, Colorado. Colfax County’s two largest towns, Raton and Springer, have older populations than the state average, implying young people do not stay once they enter the work force.



Chart 11. Projected Change in State Population, Urban vs. Rural, 2020 to 2040



Source: UNM Geospatial and Population Studies Department

In counties with employers that can act as economic drivers, population declines may not occur as readily.

In Valencia County, Facebook began building a data center in 2017. In 2019, Facebook also bought additional land in the county. Furthermore, at the onset of the Covid-19 pandemic, the company pledged to provide 30 thousand grants of \$4,000, including \$1.5 thousand in Facebook ads, to local businesses in Valencia County. From 2010 to 2020, the population has remained steady.

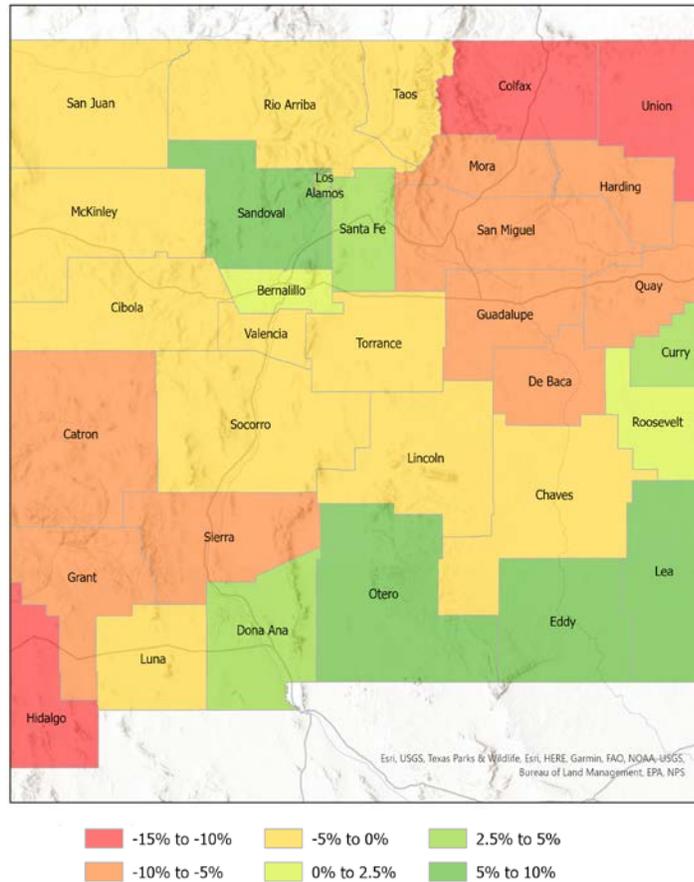
In Carson City Nevada, Tesla built a plant in 2014. In subsequent years, this led to over 7 thousand jobs in the city, and the population in the city grew 2 percent.

Source: Census, KRQE, NV Office Economic Development

counties decreasing 37 percent to 38 percent. Currently, Eddy and Lea counties are collecting their lowest gross receipt tax revenues since FY16, indicating a slower economy. As oil prices rebound, more oil production may occur reducing the risk of workers leaving these counties. However, the state will need to closely follow federal actions regarding the moratorium on oil leases and drilling on federal lands.

Beyond the Permian Basin, population growth has been, and will likely remain, limited to urban areas. From 2010 to 2019, four of the five counties with a population of 100 thousand or more (Bernalillo, Doña Ana, Santa Fe, and Sandoval³) have grown by a combined 38 thousand people, or 2.9 percent, while the rest of the state population declined by 321 people, or 0.04 percent. Currently, over 60 percent of the state’s population lives in one of the state’s urban counties and that proportion is projected to grow to 66 percent by 2040.

Figure 2. Percentage Population Change, 2010 to 2019



Source: NM-IBIS

According to U.S. Census Bureau estimates, ten counties in New Mexico showed an increase in population from 2010 to 2019, with the population of Sandoval County growing the most (11 percent). Twenty-three mainly rural

³ San Juan county, the last county with over 100 thousand, saw a slight population decrease.

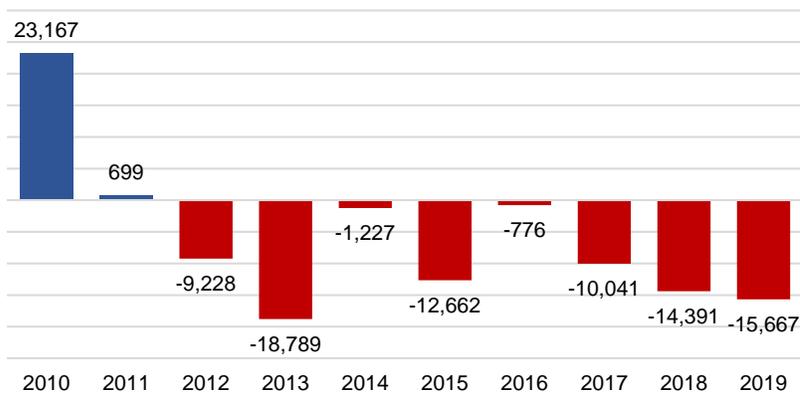


counties had a decline of less than 1 percent; Hidalgo and De Baca had the steepest declines, both at roughly 14 percent. (See Appendix E).

More people have been leaving the state than moving into the state since 2012.

Nearly 60 thousand more people moved out of New Mexico over the last 10 years than moved in, and most moved to neighbor states. Though approximately 61 thousand people annually move from other states into New Mexico, every year since 2011, New Mexico lost more residents to other states than it gained. Between 2010 and 2019, this net migration (the number of people leaving the state minus the number moving in) amounted to a loss of 58,915 residents. Texas, Arizona, Nevada, and Oklahoma received the most residents from New Mexico.

Chart 12. Domestic Net Migration to and from New Mexico, 2010 to 2019



Source: U.S. Census American Community Survey State-to-State Migration Flows

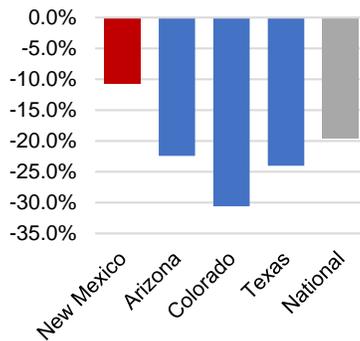
According to the Pew Charitable Trusts, the fastest-growing states typically have strong economic and labor force growth, and Texas, Colorado, and Arizona outperform New Mexico in a number of economic rankings.

Table 3. New Mexico Economic Rankings Compared with Neighboring States

State	Overall	Business Environment	Employment	Growth
Colorado	1	4	2	7
Arizona	10	9	37	5
Texas	15	13	25	13
New Mexico	48	36	49	46

Source: US News and World Report

Chart 13. Percent Change in Poverty Rates, 2010 to 2019



Source: U.S. Census Bureau

In contrast, *U.S. News and World Report* ranks New Mexico 48th based on the business environment, economic growth, and employment levels. New Mexico also lags behind its neighbors in average household income. The state’s average household income in 2019 was \$71 thousand, well below the national average of \$92 thousand and the \$84 thousand in Arizona, the neighboring state with the closest average household income. Finally, New Mexico has a larger percentage of people living in poverty than its neighbors and the national average. New Mexico’s 2019 poverty rate of 18 percent was a third higher than the national average of 12 percent. Furthermore, while nationally, there was a decline in poverty of 19.6 percent from 2010 to 2019, the decline in New Mexico was only 11 percent. Declines in New Mexico’s neighboring states averaged 25.7 percent, more than twice the decline in New Mexico.

New Mexico is ranked in the bottom 20 percent of states for a number of noneconomic factors. In addition to New Mexico’s poor performance in economic factors, the state also does poorly in social factors, including education and health and safety, which may play a role in attracting potential residents to the state. New Mexico ranked last for education and in the bottom 10 states for health and safety, socioeconomics, and affordability.⁴

Table 4. New Mexico Non-Economic Factors Rankings Compared to Neighboring States, 2021

State	Total Rank	Family Fun	Health & Safety	Education & Child Care	Affordability	Socioeconomics
Colorado	15	7	24	27	29	12
Texas	28	5	37	33	41	38
Arizona	42	12	44	48	48	26
New Mexico	50	38	45	50	45	49

Note: Affordability includes both average wages and debt. New Mexico has a relatively low cost of living compared to other states

Source: CMS, CDC, BLS, HUD, NCSL, HHS data adapted by Wallet Hub

Due to these low rankings in factors that impact a family’s decision of where to move, New Mexico may be less likely to attract families. The state has been low in other rankings as well. For instance, New Mexico was ranked 48th in 2019 for the best state to live, and according to *U.S. News and World Report*, New Mexico ranked 50th for kindergarten-through-12th-grade education. These factors may contribute to the out-migration of families and working age individuals. While New Mexico is not competitive with its neighbors in general quality of life standards, there are some niche areas where New Mexico is highly competitive, such as for filmmakers. Recently Albuquerque was ranked as the #1 best city and Santa Fe the #2 best small town for filmmakers to live. Nevertheless, New Mexicans looking to start careers or open businesses might be more likely to migrate to a neighboring state, potentially contributing to the stagnating population.

⁴ Affordability includes both average wages and debt. New Mexico has a relatively low cost of living compared to other states.



More people of most age-groups die at higher rates in New Mexico compared to other states.

If New Mexico’s mortality rate was at the national average, 1.3 thousand fewer deaths would occur each year, which impacts state population counts. In 2019, New Mexico’s overall mortality rate was 930.5 per 100 thousand, much higher than the next highest rate of 828 per 100 thousand in Arizona. New Mexico was also slightly higher than the national average of 869.7 per 100 thousand.

New Mexico’s mortality rate is not due to its high elderly population; the state has higher than average mortality rates and rates higher than its neighbors for all age groups other than individuals who are 65 and older. If New Mexico’s mortality rates were at the national average, there would be approximately 1.3 thousand fewer deaths. The biggest differences between New Mexico and the national mortality rate are for those between 15 and 44. If the state reduced mortality to the national average in these age groups, around 767 fewer individuals would die per year. New Mexico also has higher infant mortality rates than neighboring states and the national average. Contributing factors to New Mexico’s high mortality rate include higher behavioral health issues, such as substance use disorders, and high rates of child trauma and unintentional injury. New Mexico also ranked third in the nation for preventable injury deaths in 2018.

Table 5. Mortality Rate per 100,000 by Age for New Mexico and Neighboring states, 2019

State	Overall Rate	5-14 yr olds	15-24 yr olds	25-34 yr olds	35-44 yr olds	45-54 yr olds	55-64 yr olds	65+
New Mexico	930.5	16.2	109.5	232.3	341.4	561	960	3,584.2
Arizona	827.6	15.4	86.8	149.9	215.3	397.7	847.2	3,396.4
Colorado	684	14.8	78.6	120.1	173	323.3	726.5	3,373.8
Texas	701.3	13.8	70.8	106.1	174.7	374.6	897.7	3,836.7
US Average	869.7	13.4	69.7	128.8	199.2	392.4	883.3	3,916.8

Source: CDC Wonder

The number of foreign-born people in New Mexico is not contributing to state population growth and has decreased 1.6 percent since 2010.

According to a Pew report, an estimated 2.8 percent of New Mexico’s population are unauthorized immigrants. New Mexico, has the 11th highest percent of K-12 students identifying as undocumented. Census counts include undocumented residents, however according to Pew researchers, they may be harder to count needing additional adjustments to determine an estimate. The Migration Policy Institute found unauthorized immigration into the United States has been relatively steady from 2010 to 2018, with slight declines in the number of unauthorized immigrants from Mexico, which is where 87 percent of unauthorized immigrants to New Mexico are from. In October 2019, the Legislative Finance Committee visited the Antelope Wells port of entry as well as other spots along the southwestern border. The state’s Homeland Security division within the Department of Homeland Security received \$28.7 million



in FY21 and is tasked with assisting border patrol along the state's southern border. According to Pew, apprehensions at the Southern border of the United States are at their highest in years. The Biden administration proposed legislation that may impact New Mexico's immigrant population, including a planned path to citizenship for an estimated 11 million undocumented immigrants living in the United States before 2021 and proposed allowing 25 thousand asylum seekers into the country while their cases are pending. These individuals will be let in through three crossings, including the crossing at El Paso, Texas.

Decreases in the 45 to 64-year-old population may create a need for increased training to replace skilled workers.

According to the 2020 LFC *Policy Spotlight - Workforce Development Post Covid-19 Pandemic*, a number of growing industries cannot find experienced employees to fill open positions. The lack of experienced job candidates is a larger problem in those industries currently expanding in the state, including healthcare, professional and technical services, and construction, and social assistance. Within these industries, the report found job postings outpaced the number of candidates for architecture and engineering occupations, construction managers, and personal care aides. Colleges and universities could help improve the number of candidates available for jobs in high-demand fields by directing students toward occupations with expected openings through personalized student advisement. A 2020 LFC evaluation on the state's nursing workforce highlighted that 3,700 registered nurses would be needed in New Mexico for all counties to reach the state Healthcare Workforce Committee's recommended benchmark. New Mexico may need to examine reasons why mid-career working individuals (those between the ages of 40 and 54) are leaving the state and expand workforce development opportunities for industries with high demand for more experienced workers.

Outpacing the rest of the nation, New Mexico's over-65 population grew approximately 40 percent between 2010 and 2019.

While aging baby-boomers have resulted in a general aging of the population across the U.S., New Mexico's growth of the over-65 sector was faster than the rest of the nation, with the United States' over-65 sector growing 33 percent, compared with 38 percent for New Mexico. This population increase in the older demographic kept New Mexico's overall population from declining.

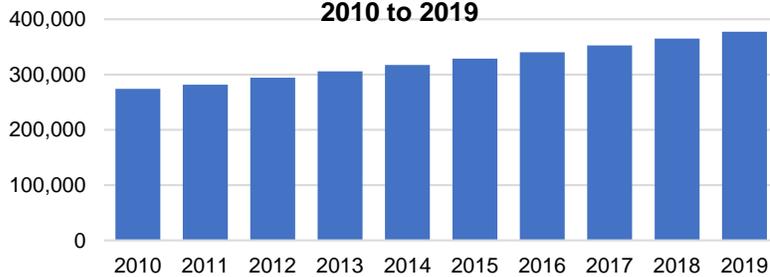
According to population projections from the University of New Mexico's Geospatial and Population Studies Department, the state's over-65 demographic will also likely see the greatest growth of any age group, increasing by over 80 thousand between 2020 and 2040, according to projections. A recent report from the Human Services Department confirmed these projections, noting that New Mexico will have the third highest percent of people over 65 of any state.

A 2018 report from New Mexico First predicted that the number of New Mexico jobs will grow from 853 thousand in 2014 to 919 thousand by 2024, a difference of 66 thousand. Occupations that require a high school diploma or less were projected to add roughly 42 jobs, while jobs requiring a bachelor's degree are expected to grow by 13 thousand and jobs that require a master's degree will increase by 2 thousand. The report stated that if New Mexico's economy does not begin to create more jobs for more highly educated workers, the state would see some highly educated people leaving in larger numbers than less educated people, meaning that New Mexico's higher education institutions would essentially be subsidizing the workforce of other states.

Source: New Mexico First

As the state’s population continues to age, New Mexico will likely need to pay more attention to cost drivers for elderly and aging services, as well as ensure the state is implementing programs shown to help improve health and well-being outcomes and minimize costs. Many of these programs, such as Medicaid are heavily reliant on federal dollars.

Chart 14. New Mexicans Over Age 65, 2010 to 2019



Source: US Census Bureau

In 2019, the National Governor’s Association published a report highlighting some key practices states should consider when focusing on the health of the aging population. Recommendations from the report include coordinating long-term services and supports with medical care, integrating care for the dual-eligible population (those eligible for both Medicaid and Medicare), and addressing barriers to home- and community-based services. For instance, Connecticut focused on improving its Long-Term Support Services through expanding home- and community-based service options, building up the home- and community-based service workforce through establishing career ladders, addressing housing and transportation supports, and assisting nursing facilities in adapting to the shift toward home- and community-based supports. New Mexico currently is implementing some of these best practices. Specifically, the state coordinates long-term services with medical care and has a partially integrated special needs plan for aging individuals who are dually eligible for Medicaid and Medicare services.

Expenditures and enrollment for Medicaid services targeted at the aging population increased from FY14 through FY20. Long-term support services (LTSS) serve elderly individuals and often those with a developmental disability who require services for an extended period and include services provided through nursing facilities.

In 2018, the Centers for Medicaid and Medicare Services projected a large increase in LTSS enrollment and spending, partially due to the aging baby boomer population. An estimated 67 percent of those enrolled in LTSS also qualify for Medicare. From FY 14 through FY20, LTSS expenditures increased 32 percent. The increase in spending is particularly noteworthy because LTSS is a large cost driver, representing \$1.25 billion in FY20 and projected to grow to \$1.38 billion in FY21. If two-thirds of LTSS spending is from the dually eligible population, then LTSS expenditures largely devoted to the elderly increased from an estimated \$622 million to an estimated \$822 million from

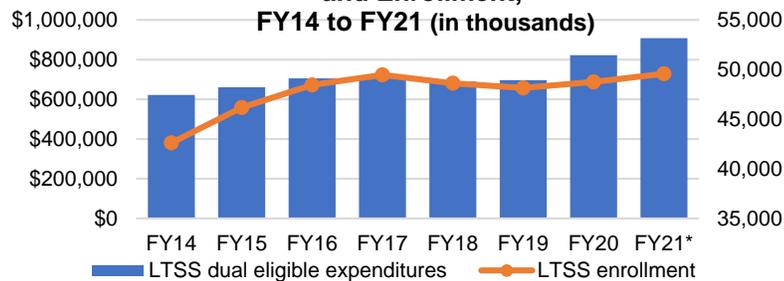
While many states with aging populations may face additional burdens to state pensions, New Mexico may not, largely due to an increase in younger state workers. A 2019 LFC hearing brief highlighted, while the New Mexico population may be aging, state workers in 2018 were younger compared with 2013. Specifically, the proportion of state workers under 30 had increased 4 percent, while workers ages 40-49 and 50-59 fell 9 percent and 13 percent, respectively. Furthermore, a larger proportion of state workers have less than five years’ service credit from 2013 to 2018. In 2018, 40 percent of state workers had less than five years’ service credit, compared with 33 percent in 2013. Because the state government workforce is younger, there is less of a burden on the state’s pension fund. However, if the state workforce ages and more individuals retire, the pension may be stressed. This has occurred in some New England states, such as Connecticut and New Jersey, ranked 46th and 49th for their pension plan funded ratios in 2019. A report on New England state pension plans highlighted some potential solutions, including raising statutory retirement ages and changing the benefit structure to discourage early retirement.

Source: Tax Foundation & Federal



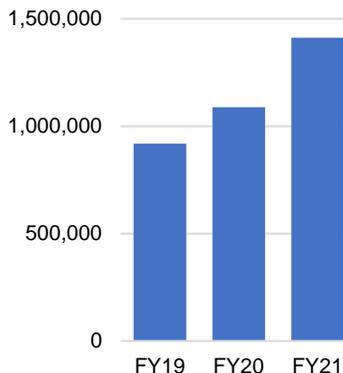
FY14 to FY20. In addition to the increased spending, the number of enrollees in LTSS increased 14 percent from FY14 to FY20, while cost per member per month increased 9.6 percent, roughly in line with inflation. The number of individuals enrolled between FY14 and FY20 increased by about 7,000, from 42.6 thousand to 49.6 thousand. However, per member per month spending increased more slowly, up to \$1,913 from \$1,745 in FY14. Similar to the increases in Medicaid spending and utilization for the aging population, it is also likely service utilization will increase for other programs provided to those who are aging, including programs at the Aging and Long-Term Services Department (ALTSD).

Chart 15. Medicaid Funding for Long Term Support Services Dually Eligible Expenditures and Enrollment,



Note: LTSS expenditures are based on dually eligible population information from MCOs.
Source: HSD Medicaid Projection Reports

Chart 16. Meals Served by Aging Network, 1st quarters, FY19 to FY21



Source: ALTSD

The Covid-19 pandemic appears to have increased the demand for meal services administered to seniors. Since FY19, meal distribution services for the aging and elderly increased 54 percent, with a 30 percent increase between FY20 and FY21. From July through September 2020, 1.4 million meals were served, about 325 thousand more than over the same period in 2019. ALTSD received about \$19 million in federal pandemic aid to provide meals for seniors. As the course of the pandemic remains unknown, it is difficult to determine when or if utilization will return to pre-pandemic levels. ALTSD should monitor these data closely to help with future funding and policy considerations. Also, as the population continues to age, more individuals may take advantage of these services (see Appendix F for service utilization trends). This increase in the number of elderly individuals in the state probably contributed to the 18.5 percent increase in meals served from FY19 to FY20. As roughly a third of people in rural areas are 65 or over, the state may need to focus on how to best reach this population, especially because these individuals are more likely to suffer from chronic conditions. The state should continue to examine these trends in funding and capacity decisions.

In a Centers for Disease Control and Prevention report, life expectancy fell by a full year in the first six months of 2020, likely due to Covid-19. This decrease was larger for the non-Hispanic Black and Hispanic populations at 2.7 years and 1.9 years, respectively. A 2020 LFC *Action Plan - Suicide Prevention* highlighted that there will likely be up to a 20 percent increase in behavioral health need and an increase in suicide deaths in some age groups compared to 2019.



Population Shifts May Impact Need and Capacity of Government Services

According to a 2019 white paper from the Pew Charitable Trusts, capacity for early childhood services, public education, higher education, and others programs are expected to be impacted by an aging population. Decreased demand for services by younger New Mexicans and the potential increased demand for services by some older New Mexicans will require policymakers to factor in expected enrollment changes to decisions about programming. Much of the funding for early childhood and kindergarten-through-12th-grade programs comes through state general fund so the state may benefit from streamlining these services.

The working-age population is experiencing growth for those younger than 45 and a decline for those between 45 and 64. The decline in population of those at the middle and end of their careers may create issues for employers who could have trouble finding appropriate workers to serve in skilled middle management positions, or who want to open new opportunities within their organization. The potential lack of skilled workers creates opportunities for workforce development through various state agencies. As the elderly population increases due to aging baby boomers, services may need to be expanded. A large proportion of funding for these programs is federal, and while the state may still need to provide some additional funds, increases to these programs will likely not have as large of an impact on state budgets.

New Mexico should adopt practices for tracking and reporting population data.

The 2020 census was conducted from March 12 to October 15, 2020, and the data will become available in pieces during the first several months of 2021. New Mexico faces well-documented difficulties getting responses to the census, especially in very remote parts of the state or in areas with populations that are mistrustful of the federal government. The Covid-19 pandemic also made administering the census more difficult. Prior to census representatives going door to door, New Mexico had an estimated 58 percent response rate to the 2020 census, 9 percent lower than the national average of 67 percent. New Mexico received at least \$3,000 annually for each member of the population counted in the 2010 census, which amounted to \$31 billion over 10 years. That included \$4.3 billion for Medicaid and almost \$700 million for the Supplemental Nutrition Assistance Program (SNAP), more than that received per capita by any other state.

Several other states dedicate time and resources to tracking their population demographics, using that information to inform lawmakers and state agencies. For example, the Texas Demographics Center publishes an annual report that goes into detail about birth patterns, demographic shifts, and projections of population growth for the next several decades. Washington and Wisconsin both have statutorily mandated bodies responsible for producing forecasts of state population growth. Projects of this type are helpful for informing elected officials and assisting state agencies to better target



State Agencies should:

- Work with experts including UNM's Geospatial and Population Studies Department and Bureau of Business and Economic Research to track and forecast population trends.

The Public Education Department should:

- develop projections for estimated K-12 student enrollment; and help school districts set guidelines and targets to help control administrative growth and steer dollars toward classroom instruction.

The Early Childhood Education and Care Department should:

- regularly collect data from multiple agencies and meet with stakeholders to determine how to ensure all areas of the state have access to needed early childhood services; and
- work with the Public Education Department to coordinate childcare with extended learning and afterschool programs and track where additional slots need to be added.

Higher education institutions along with their partners should:

- make sure training and education programs are targeted toward available job openings and occupations expected to recover; and
- form collaboratives and consortiums to work together on cost savings efforts, including group purchasing, shared space, and reduction of duplicate programs.

resources. University of New Mexico's Geospatial and Population Studies department and Bureau of Business and Economic Research, along with a number of other organizations, regularly share data with the US Census Bureau, compile census data and report demographic trends.

Next Steps

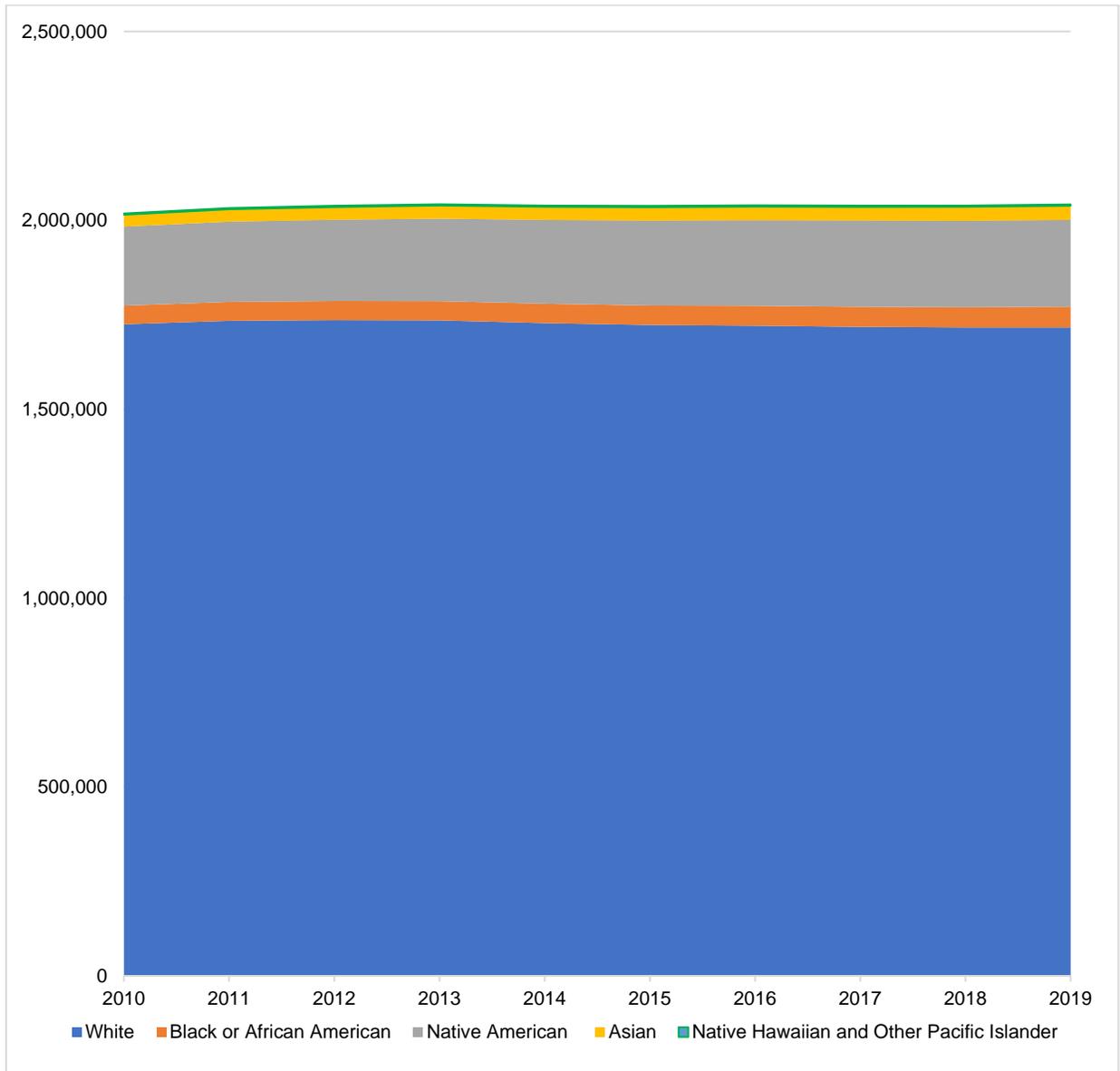
Population trends impact state spending due to changing needs of citizens, which leads to enrollment changes in state programs. As such, state agencies should plan and budget according to population trends. To assist in this, state agencies should work with demographic and population experts including the University of New Mexico's Geospatial and Population Studies Department and Bureau of Business and Economic Research to track and forecast population trends.

Previous LFC reports suggested different strategies to help the state adjust to current population trends. Some of these recommendations focused on state agencies using data to determine where and how to invest state dollars. Specifically, the Public Education Department may need to develop projections for estimated public school student enrollment for use by school districts to help school districts set guidelines and targets to help control administrative growth and steer dollars toward classroom instruction. The Early Childhood Care and Education Department may need to regularly collect data from multiple agencies and meet with agencies and other stakeholders not only to determine how to best ensure all areas of the state have access to needed early childhood services, but also to work with the Public Education Department to coordinate childcare with extended learning and afterschool programs and track where additional slots need to be added to ensure school-age children have programs to attend close to their schools.

Other LFC reports focused on higher education and the workforce highlighted the need for the state to have qualified workers who can fill in-demand positions partially related to shifting demographics. To do this, higher education institutions, along with their partners, should work together to determine the best way to create a database or share data to track job placement and wages for graduates of New Mexico colleges and make sure training and education programs are targeted at available job openings and occupations expected to recover or grow in the near term. Lastly, for higher education institutions to stay ahead of changing enrollment trends, these institutions should form formal collaboratives and consortiums to work together on some cost-savings efforts, including group purchasing, shared space, and reduction of duplicate programs and request statutory changes to facilitate shared purchasing and services and allow for mergers of colleges or functions within colleges where higher education institutions are seeking to combine operations.

APPENDICES

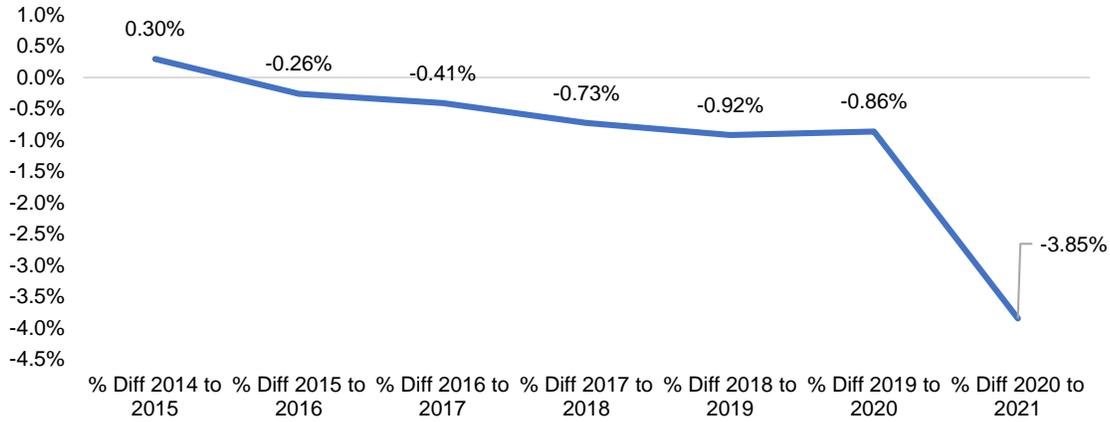
Appendix A: Population Trends from 2010- 2019 by Racial Background.



Note: This graph does not include Hispanic designations.
Source: U.S. Census Bureau

Appendix B. Public School Enrollment Changes Sy14 to SY21

Chart 14. Percent Difference in Total Enrollment from AY2014 to AY2021



Note: Does not include prekindergarten

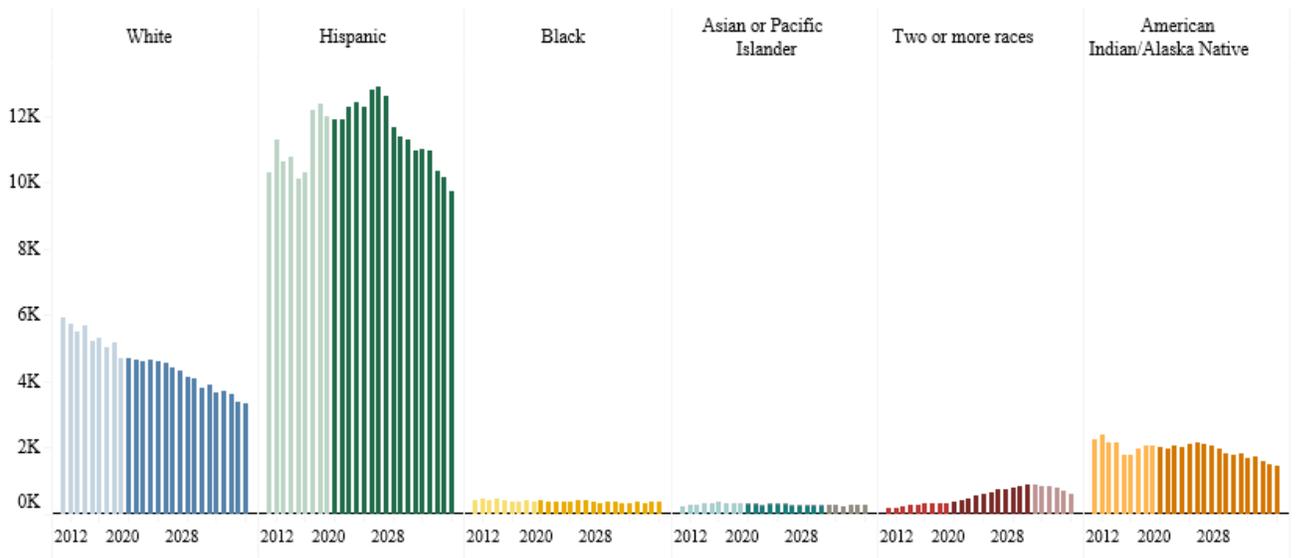
Source: PED

Appendix C. Detailed High School Graduate Projections for New Mexico

Public High School Graduate Trends, Class of 2011 to 2036

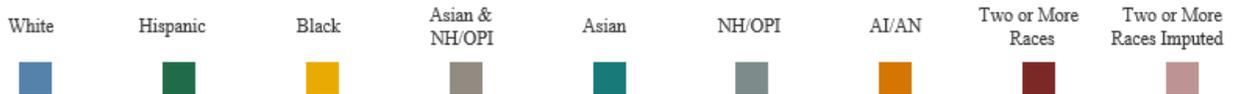
• Between the Class of 2019 and 2036, the share of non-white public graduates is projected to increase from 76% to 79%

Public High School Graduates by Race/Ethnicity



First Fully Projected Year, Class of 2020

Click on a population below to highlight trends in the chart above



New Mexico High School Graduates



Class of	Total Graduates			Public School Graduates								
	Grand Total	Private Total	Public Total	Hispanic	Asian & Native Hawaiian and Other Pacific Islander							
					White	Black	AI/AN	Two or more races	Asian	Asian & NHOP	NHOP	
2008	19,810	1,546	18,264	8,740	6,583	467	2,177					297
2009	19,318	1,387	17,931	8,760	6,298	478	2,118					277
2010	19,960	1,365	18,595	9,617	5,975	403	2,182	126	291	292		1
2011	20,627	1,275	19,352	10,310	5,941	409	2,269	165	248	258		10
2012	21,481	1,166	20,315	11,271	5,723	470	2,385	189	266	277		11
2013	20,289	1,057	19,232	10,628	5,509	426	2,146	220	288	303		15
2014	20,764	1,248	19,516	10,797	5,697	469	2,182	260	315	337		22
2015	19,271	1,439	17,832	10,103	5,226	414	1,774	299	321	344		23
2016	19,410	1,262	18,148	10,315	5,309	376	1,768	339	338	362		24
2017	21,328	1,085	20,243	12,171	5,049	396	1,968	308	331	351		20
2018	21,835	1,110	20,722	12,384	5,157	443	2,091	318	294	329		35
2019	20,862	1,090	19,775	11,976	4,693	363	2,071	335	315	337		22
2020	20,650	1,030	19,620	11,890	4,720	400	2,030	380	280	310		30
2021	20,640	980	19,660	11,920	4,680	400	1,980	430	320	350		30
2022	21,140	1,060	20,080	12,270	4,610	400	2,070	480	270	300		30
2023	21,290	1,040	20,250	12,400	4,660	380	2,040	540	280	320		30
2024	21,240	1,020	20,220	12,290	4,620	360	2,130	620	270	320		50
2025	21,800	1,050	20,740	12,780	4,550	400	2,180	660	280	320		40
2026	21,820	1,090	20,740	12,900	4,440	420	2,110	740	240	290		60
2027	21,300	1,040	20,260	12,630	4,340	390	2,060	740	230	270		40
2028	20,000	990	19,020	11,680	4,140	350	1,990	790	260	290		30
2029	19,480	960	18,520	11,370	4,070	370	1,850	830	240	270		30
2030	19,080	960	18,120	11,290	3,830	360	1,770	880	260	270		20
2031	18,850	940	17,920	10,980	3,880	350	1,840	900		280		
2032	18,670	920	17,750	11,020	3,670	350	1,680	860		270		
2033	18,450	910	17,530	10,960	3,720	360	1,730	840		260		
2034	17,620	870	16,740	10,360	3,640	340	1,610	790		270		
2035	16,950	840	16,110	10,160	3,360	370	1,520	700		260		
2036	16,460	820	15,640	9,720	3,350	370	1,480	610		260		
2037	16,370	810	15,560									

□ Projected Value (values are rounded to nearest 10)

! Two or more race values for SY 2030-31 to 2035-36 are estimates and not a fully projected value.

Citation: Western Interstate Commission for Higher Education, "Knocking at the College Door: Projections of High School Graduates", 2020, www.knocking.wiche.edu.

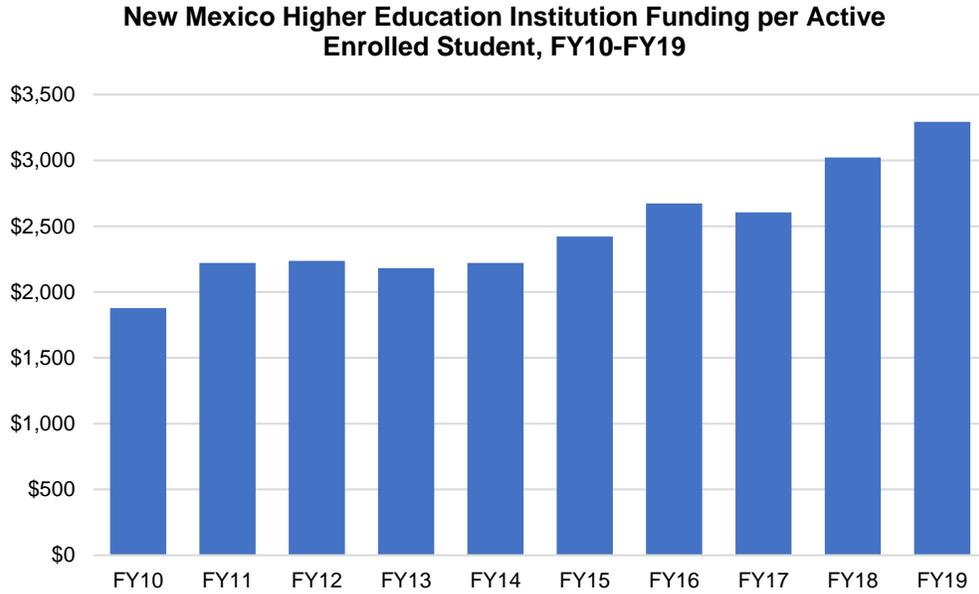
Notes: Graduate projections begin SY 2019-20 for Public Schools, SY 2017-18 for Private Schools, and the Grand Total is fully projected beginning SY 2019-20 but includes the Private school projected portion SY 2017-18 and 2018-19. Each series is independently projected, so they may not exactly sum to the totals. Public school graduates through SY 2012-13 and enrollments through SY 2018-19 are from the National Center for Education Statistics (NCES) Common Core of Data, <https://nces.ed.gov/ipeds/>. See the Technical Appendix for full data details, including about private school data, which are estimates computed from survey-based data from NCES Private School Universe Survey, <https://nces.ed.gov/surveys/psu/>. Specific to New Mexico: The data for New Mexico public school graduates for SY 2013-14 to 2018-19 were compiled in July 2020 from two data sources obtained from New Mexico Public Education Department and include ESTIMATES COMPUTED BY WICHE (so that not all years are confirmed total annual graduates). WICHE computed estimates of annual graduates for SY 2013-14 to 2015-16 from cohort graduate data published at <https://webnew.ped.state.nm.us/bureaus/accountability/graduation/>, and used total annual graduate counts provided by NMPEd for SY 2016-17 to 2018-19. The estimates for SY 2013-14 to 2015-16, computed from cohort-based graduates—capture graduates within 4 to 6 years of their defined ninth grade cohort, and as such may be systematically different than a total annual number of graduates by a small, but consistent, amount. And, users should keep in mind these are a computed estimate from data that may not be specifically for this purpose. Further, New Mexico's cohort-based graduation data did not provide counts for Native Hawaiian/Other Pacific Islander and multi-racial students, so WICHE approximated their numbers for SY 2013-14 to 2015-16 based on the proportional rate of these students for SY 2016-17 to 2018-19. See Technical Appendix for full detail about private school data, which utilize survey-based estimates. New Mexico private school estimates for grades 1 to 8 for SY 2017-18 were suppressed due to coefficients of variation >=50%, and therefore enrollments for Grades 1 to 8 are projected from SY 2016-17 onward (private school graduate projections still begin with 2017-18). Full technical details relating to the data and methodology used for these projections are provided in the Technical Appendix to the report at www.knocking.wiche.edu.

As of 12/15/2020

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Source: WICHE

Appendix D. Higher Education Funding per Student



Source: National Student Clearinghouse and LFC files

Appendix E. Current and Projected County Populations

County	2000	2010	2020	2025	2030	2035	2040
Bernalillo	556,678	665,418	681,233	688,329	693,134	694,874	694,327
Catron	3,543	3,729	3,491	3,362	3,221	3,064	2,897
Chaves	61,382	65,747	64,670	64,016	63,132	61,960	60,586
Cibola	25,595	27,276	26,981	26,787	26,498	26,089	25,595
Colfax	14,189	13,738	11,752	10,712	9,621	8,480	7,313
Curry	45,044	48,440	50,521	51,514	52,343	52,943	53,367
De Baca	2,240	2,016	1,781	1,658	1,527	1,388	1,245
Doña Ana	174,682	209,941	218,971	223,282	226,879	229,484	231,331
Eddy	51,658	53,875	59,179	61,818	64,279	66,468	68,435
Grant	31,002	29,475	27,652	26,671	25,585	24,377	23,092
Guadalupe	4,680	4,686	4,330	4,141	3,934	3,709	3,472
Harding	810	692	677	668	657	643	627
Hidalgo	5,932	4,869	4,171	3,805	3,422	3,020	2,610
Lea	55,511	64,933	72,618	76,462	80,093	83,389	86,405
Lincoln	19,411	20,523	19,397	18,788	18,105	17,337	16,514
Los Alamos	18,343	17,935	18,765	19,164	19,501	19,753	19,941
Luna	25,016	25,093	24,300	23,854	23,320	22,678	21,963
McKinley	74,798	71,533	71,637	71,581	71,276	70,651	69,795
Mora	5,180	4,874	4,470	4,256	4,024	3,772	3,509
Otero	62,298	63,891	67,278	68,918	70,341	71,459	72,340
Quay	10,155	9,012	8,203	7,774	7,313	6,816	6,297
Rio Arriba	41,190	40,233	38,721	37,883	36,903	35,752	34,485
Roosevelt	18,018	19,828	19,331	19,045	18,689	18,248	17,747
San Juan	113,801	130,367	126,358	124,102	121,383	118,106	114,447
San Miguel	30,126	29,371	27,479	26,463	25,342	24,100	22,782
Sandoval	89,908	132,535	147,069	154,322	161,141	167,281	172,862
Santa Fe	129,292	144,555	150,488	153,311	155,641	157,291	158,420
Sierra	13,270	11,956	10,898	10,337	9,733	9,081	8,400
Socorro	18,078	17,906	16,969	16,460	15,887	15,240	14,544
Taos	29,979	33,008	32,795	32,635	32,360	31,938	31,412
Torrance	16,911	16,368	15,531	15,076	14,563	13,982	13,356
Union	4,174	4,558	4,073	3,818	3,546	3,256	2,956
Valencia	66,152	76,814	75,193	74,244	73,023	71,470	69,684
State Total	1,819,046	2,065,194	2,106,981	2,125,258	2,136,414	2,138,099	2,132,755

Source: The Geospatial and Population Studies Department

Appendix F. Older Americans Act Service Utilization New Mexico 2014 to 2018 Comparison.

Service	2014	2019	*2020	Change 2014-2019	% Change 2014-2019	Change 2019-2020
Personal Care		2,835				
Homemaker	94,392	81,564	38,672	(12,828)	-14%	(42,892)
Chore	12,298	14,849	10,774	2,551	21%	(4,075)
Home Delivered Meals	1,700,670	2,003,654	2,675,694	302,984	18%	672,040
Adult Day Care/Health	93,202	137,219	68,469	44,017	47%	(68,751)
Case Management	7,882	11,241	8,227	3,359	43%	(3,015)
Assisted Transportation	1,339	31,718	13,658	30,379	2269%	(18,060)
Congregate Meals	1,359,914	1,625,953	758,877	266,039	20%	(867,076)
Transportation	444,719	453,551	173,999	8,832	2%	(279,552)
Legal Assistance	14,099	13,204	22,333	(895)	-6%	9,129
Nutrition Education	84,446	78,732	15,119	(5,714)	-7%	(63,613)
Information & Assistance	14,649	38,963	17,899	24,314	166%	(21,064)
Outreach		5,573	709	5,573		(4,864)

Note: * The 2020 SPR will be submitted at end of January and thus the numbers for the Aging Network have not been verified.

Source: ALTSD