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**Robert Dean,**  
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202 E. Marcy St. • Santa Fe, N.M. 87501

**OUR VIEW**

# For working poor, a creative proposal

**F**rom Think New Mexico, that remarkable generator of ideas that work, another excellent proposal: Giving the working poor another way into the middle class, as well as a stake in our state's economy. How is this task going to be accomplished? It will be done through something called Individual Development Accounts, interest-bearing savings accounts with state support — if the money's used for certain things: a down payment on a home, the start of a small business, or college or vocational school, for example.

Applicants would be eligible for state matching funds as they open and build on bank savings accounts. The accounts would be overseen by non-profit organizations to be contracted by the state — and they'd be part of a "custodial account" under the supervision of the Office of Workplace Development, which would serve as watchdog over this experiment. Participants wouldn't be able to take out any money until they've completed a fundamental-finance course, which is part of the plan.

If this sounds a bit overbearing for adults to accept, it's both because there's public money involved — and because there are so many New Mexicans unaccustomed to savings accounts: Think New Mexico estimates that only a quarter of our state's low-income families own any assets that pay interest; assets such as savings accounts.

When those folks need money, then, where do they go? One clue, Think suggests, is that there are now four "payday loan" shops for every McDonald's in New Mexico.

Without savings accounts, most of the working poor are closed off from the mainstream of savings and lending. That cold, hard fact of low-income life is proving offensive to Republicans as well as Democrats.

Among the sponsors of an Independent Development Account bill going before the Legislature in January is Republican Sen. Sue Wilson Beffort of Sandia Park.

On the Democratic side is House Speaker Ben Luján of Nambé, for starters. The bill also is being urged on the Legislature by Gov. Bill Richardson.

The tab for this project is \$2 million, which should be enough to start 3,300 accounts for individuals earning under \$10,000 a year, or families of four whose income is just below \$20,000.

Think New Mexico, as usual, has done its homework on this latest proposal. Fifteen states, the nonprofit group notes, have IDAs of one kind or another; Colorado is one of several staking public funds on families' ability to emerge into the middle class. Some states match those savings two- and three-to-one. But not to rush things, Think figures 1:1 is a politically safer ratio.

There also have been private initiatives in IDAs — but at New Mexico's widespread poverty levels, a good case can be made for state involvement.

This initiative focuses on folks willing to set aside some of their meager earnings, and willing to take a "financial-literacy" course; hard-working, forward-looking families and individuals who can see the value in thrifty living even on scrape-by salaries.

The better off these people become, the more they contribute to the economy — and the greater their sense of social responsibility.

There might be difficulties in getting this idea off the ground, but it's geared to a modest, and careful, beginning.

We salute the governor, Speaker Luján and Sen. Wilson Beffort on their grasp of this plan's possibilities — and once again tip our eyeshades to Think New Mexico, whose board of eminent New Mexicans and top-notch professional staff have been a force in food-tax reform, full-day kindergarten, strategic water planning and other long steps on our state's behalf.