

In the “Hungriest” State, The USA’s Richest County Is Fed by Nuclear Weapons Programs

In November 2006, the Food Assistance Nutrition Research Program of the U.S. Department of Agriculture released a national study of hunger in America. It showed that 16.5 percent of households in New Mexico repeatedly experienced “food insecurity” during the last three years, the highest rate in the nation. New Mexico has long bumped along as one of the five “hungriest” states, but now has hit rock bottom.

On a different path, the Los Alamos National Laboratory (LANL) is slated to receive \$1.48 billion for core nuclear weapons research, development, and production programs in Fiscal Year 2007. In all, LANL will receive \$1.8 billion from the Department Of Energy (DOE) and at least \$300 million from other federal sources. In other words, approximately two-thirds of the Lab’s total institutional funding is for core nuclear weapons programs, with another estimated 10% in support of those programs and only 6% (\$105.3 million) for cleanup and less than 1% for renewable energy technologies. Among other things, our country’s nuclear weapons programs are poised to develop the next generation of nuclear warheads and resume industrial-scale bomb production.

Who benefits from this total of \$2.1 billion in federal taxpayer money spent in Los Alamos County every year? **The County of Los Alamos has the highest concentration of millionaires in America** according to Kiplinger’s Personal Finance Magazine (April 2006). Kiplinger’s reported that 20.4 percent of the atomic city’s households had a net worth of more than \$1 million, not even including the value of their homes. A major factor in their wealth is the lucrative pension plans offered by the Lab.

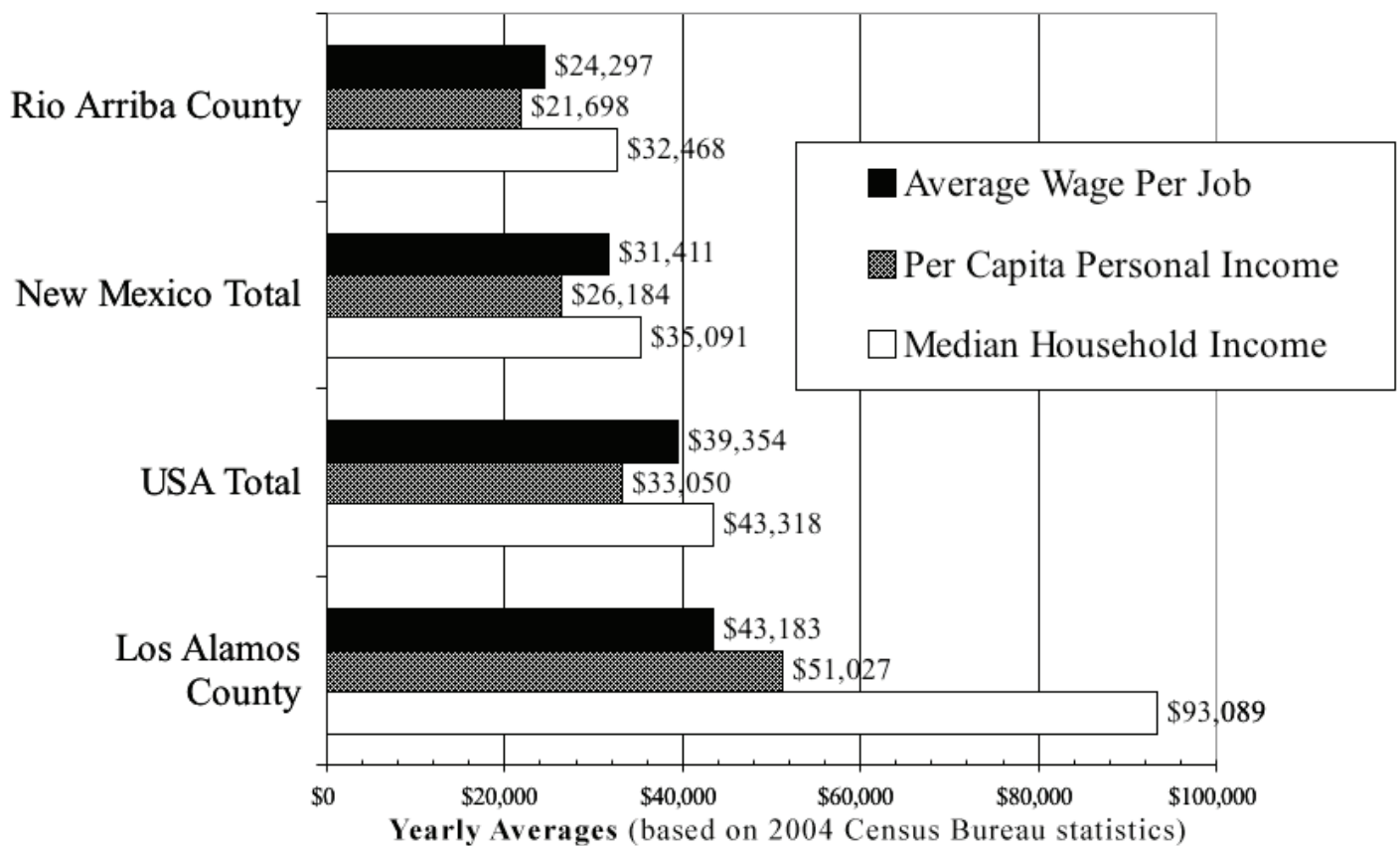
What’s Wrong with This Picture?

- Los Alamos County (LAC) has the “best quality of life of anywhere in America,” yet plans to spend \$1.4 billion on WMDs in FY07.
- New Mexico is rated as the “hungriest” state by the U.S. Department of Agriculture.
- NM has the highest percentage (26%) of children living in poverty, LAC has 2%.
- Out of 3,141 counties in the USA, Los Alamos County has the highest median family income.
- NM ranked 46th in per capita income in 2004, down from 37th in 1959.
- Average Lab and contractor employee wages were \$60,312 in 2005. The average wage in New Mexico in 2004 was \$31,411, 42nd in the country.
- Lab and contractor employees receive ample benefits, including medical insurance. Forty-two% of New Mexicans under 65 have had no medical insurance at some point in the last two years (2nd worse in U.S.). NM is rated as the worst state for employer-provided medical insurance.
- Los Alamos County public schools have received an annual DOE subsidy of \$8 million.
- LAC’s population is 83.4% “white persons, not of Hispanic/Latino origin.” NM is the only state with a “minority” majority (54.6% Hispanic, Native American, and Other Minorities).

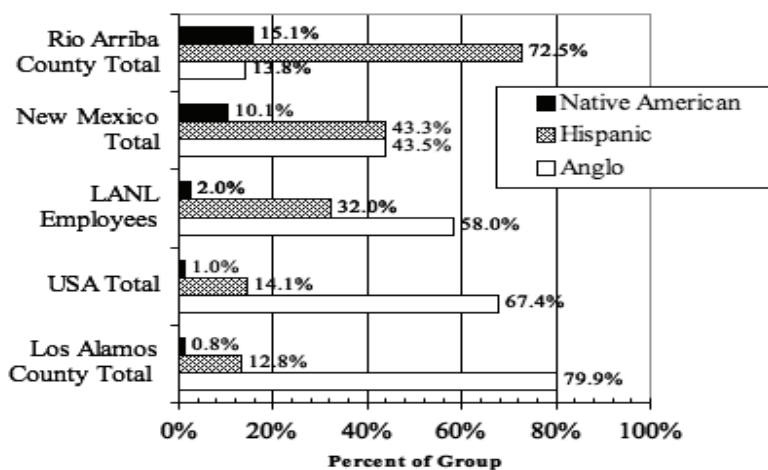
In May 2004 the *American City Business Journals* ranked Los Alamos County as having “the best quality of life of anywhere in America.” Its report used 20 different indicators such as income, unemployment, and educational levels. Furthermore, according to 2006 Census Bureau data, the County is number one in the nation in median household income. Forty-four% of County residents between the ages of 18 to 64 are employees of the Lab or its direct contractors. Nobody disputes the obvious: the Lab is the economic engine of the County. But ironically Los Alamos County’s #1 ranking in quality of life and highest median family incomes out of more than 3,000 counties in the USA is derived directly from the worst weapons of mass destruction, nuclear weapons. What kind of lesson is this to a world struggling to free itself of WMDs?

The benefits of nuclear weapons dollars don’t exactly pour off “The Hill.” In contrast, living conditions in Rio Arriba County, contiguous to Los Alamos County, are not so good. Nine percent of Rio Arriba County residents between the ages of 18 to 64 work at the Lab. In the same study that ranked Los Alamos County as #1 in living conditions Rio Arriba ranked 2302nd out of 3,141 counties in the USA. According to 2004 Census Bureau data, per capita income (meaning for individuals) in Los Alamos County is the 37th highest in the country, but for Rio Arriba it was 2,949th. In 2004, New Mexico ranked 46th in the U.S. in per capita income, down from 37th in 1959. The chart below gives a glimpse of some economic disparities across the region.

Wage and Income Averages



LANL Employee Ethnicities Compared



Los Alamos County is the “whitest” county in NM.

The figures in the chart at left incorporate 2004 Census data for Los Alamos and Rio Arriba Counties, New Mexico, and the USA. The 5,358 LANL workers that lived in Los Alamos County made an average of \$78,000 in 2005. The 2,607 Lab workers living in Rio Arriba County made an average of \$49,529.

Los Alamos County is about to reap a new gross receipts taxes windfall. New Mexico is one of six states that levy a gross receipts tax (GRT) of 6% or more for goods and services conducted within the state. LANL’s former manager, the University of California (UC), was exempted from paying NM GRT because it is “non-profit.” However, the new contractor, Los Alamos National Security, LLC, will pay New Mexico an estimated \$65 million in taxes. This is very good news for Los Alamos, which could see roughly 40% of the gross receipts tax windfall flow into its County coffers. Generally, 60% of all gross receipts tax revenues go into the state’s general fund while the remainder goes to municipalities and counties where the tax-paying business is based. Even though this windfall must be balanced against other impacts, it should be a huge gain for Los Alamos County worth around \$26 million a year.

As an added impact, according to the NM Taxation and Revenue Department subcontractors will no longer have to pay the tax since the general Lab contractor is now subject to GRT. In the past, when the Lab was operated only by UC, subcontractors who worked at LANL were required to pay gross receipts taxes to the counties where they resided. Now that the general contractor pays GRT, this will concentrate the benefits to the Los Alamos County government, making that entity rich just like its residents.

Unemployment and poverty are almost nonexistent in Los Alamos County. According to a May 2004 *Kids Count* report, in 2001 New Mexico dropped to the bottom amongst all states in the number of children living in poverty. In contrast, Los Alamos County children enjoy by far the least poverty in NM and one of the lowest poverty rates in the entire nation. In 2002, the County ranked 3,139th out of 3,141 counties in unemployment rates. In addition, the County ranked 9th in the least poverty for the entire USA. Los Alamos County also had the lowest employment and the least poverty in New Mexico, while neighboring Rio Arriba had the 9th highest unemployment rate and the 21st highest poverty rate in the state.

In addition to Los Alamos County being the richest county in the USA in terms of median family incomes, and the fact that the County government itself is about to grow rich, **the Department of Energy has directly subsidized the Los Alamos public school district.** This is the only program like this in the nation, a hold over from the beginning of the Laboratory. In 2005, only 44% of LANL workers actually lived in Los Alamos County. Nevertheless, every year DOE gives \$8 million to the Los Alamos School District and none to Espanola or Santa Fe. Los Alamos public school students, whose families are already rich,

arguably need that subsidy the least of any students in New Mexico. They have a 0.06% dropout rate through 12th grade, while New Mexico's average dropout rate is 5.3%. Los Alamos County's ACT scores have consistently been rated the best in the state. Los Alamos teacher salaries are among the highest in the state, as is the funding spent per student.

A yet deeper look at the Los Alamos County public school system is instructive. During 2005 – 2006, its school district received \$22.6 million in State funding, and in all had \$33.7

million in operational funds. Española is the small city that is the seat of Rio Arriba County. Students there arguably more desperately need the educational funding to help pull them from the area's pervasive socioeconomic problems. Unfortunately, funding for the Española school district has been continually cut since 2002. Students in the Los Alamos County school district are 76% non-Hispanic white while Española public school students are 89.9% Hispanic.

Cleanup at the Lab continues to be under funded, while legal expenses have unlimited funding. When the New Mexico Environment Department (NMED) issued a comprehensive draft Corrective Action Order against the Lab in 2002, DOE immediately brought two federal lawsuits and UC brought two state-court lawsuits against NMED. DOE and LANL have a virtually unlimited war chest of taxpayer dollars for its legal battles. When citizens groups, aggrieved employees or NMED sue LANL, DOE would almost always pick up the University of California's tab, including any punitive awards against it, whether the Lab won the case or not. In all, DOE reimbursed LANL contractors over \$6.6 million in legal costs from 1991 to 2001, clearly creating an unlevel playing field in the courts.

WMDs are supporting a privileged enclave in Los Alamos County that enjoys some of the best living conditions in the country. Conversely, that enclave is directly supporting WMDs that always have the potential of dramatically lowering the global living conditions of all. The affluence of Los Alamos County is steadily rising, while that of New Mexico has fallen relative to all other states. Whereas the New Mexican political leadership advocates increasing reliance on DOE funding as a path forward for economic development, the overall trends argues strongly against that. It is beyond the scope of this paper to suggest alternative futures for New Mexico, but clearly they should be explored and implemented.

-Scott Kovac, Jay Coghlan, November 2006

