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Education and Economic Development

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Key Issue:

The Economic Development Department's (EDD) 20-year Strategic Plan identifies the disconnect between higher education institutions and New Mexico's economic development goals as the third most critical obstacle to the state's economic growth. As New Mexico actively works towards diversifying its economy, it will become more crucial that higher education institutions address the gap between industry needs and educational offerings so that New Mexico can and provide its students with the best possible opportunities for high-paying careers within the state.

- The plan recognizes the importance of K-12 as well as higher education noting that declining proficiency in basic reading, math over the 2010 to 2019 period. The lack of proficiency combined with low graduation rates and an already small state population reduce the state's ability to grow local businesses or attract new ones.
- The plan states that not only will a weak public education system hinder the ability of the state to provide workers to meet the needs of business, but that it will also hurt the state's ability to attract skilled workers from out of state.
 - While recognizing the importance of the K-12 education system, the plan does not specify any goals or benchmarks for improvement and New Mexico's economic planning remains largely disconnected from the K-12 education system.
- The plan focuses on the department's previously identified nine key industries, including sustainable and green energy, aerospace and defense, sustainable and value-added agriculture, intelligent manufacturing, film and television, biosciences, global trade, outdoor recreation, and cybersecurity.
- Targeting growth in the high-tech sector is appealing as it requires little physical infrastructure and less need for corporate relocation as many tech jobs can be done remotely. The Brookings Institution analysis also found mixed results for the Albuquerque metro area with a slower-than-average growth rate over the 2015-2019 period and a higher growth rate for 2019-2020.

Tech Sector Employment by Metro Area

Metro	Employment			2015-2019 Avg. Annual Growth Rate	2019-2020 Annual Growth Rate
	2015	2019	2020		
Albuquerque	6,795	7,526	7,887	2.6%	4.8%
Austin	67,107	83,175	86,027	5.5%	3.4%
Boulder	15,241	17,408	18,177	3.4%	4.4%
Denver	49,796	64,273	67,228	6.6%	4.6%
El Paso	3,334	2,614	2,760	-5.9%	5.6%
Lubbock	793	1,383	1,466	14.9%	6.0%
Tucson	6,201	6,521	6,748	1.3%	3.5%
Phoenix	59,272	68,586	70,033	3.7%	2.1%
Provo	17,243	20,612	20,730	4.6%	0.6%
Salt Lake City	21,440	27,272	27,920	6.2%	2.4%

Source: Brookings Institution

- According to the Workforce Solutions Department’s 2022 State of the Workforce, the occupations projected to grow the most in the state are low-skilled jobs, including fast food and counter workers, cooks, and waiters and waitresses.

20-Year Plan Recommendations for Higher Education

- The Economic Development Department’s 20-year Strategic plan, published in 2020, found that stakeholders and business leaders throughout the state noted a clear disconnect between the programs offered by New Mexico’s higher education and training institutions and the needs of industry as well as between institutions and the state’s economic development ambitions.
- The plan provides several recommendations for EDD and the Department of Higher Education (HED) to bridge this gap, including:
 - identifying higher education and training institutions that can serve as regional hubs of talent development;
 - requiring higher education and training institutions to submit annual performance reviews of their courses to identify consistently low producing programs;
 - requiring higher education and training institutions to have programs recertified every seven years, and ensuring courses taught by in-state institutions are current and relevant;
 - tailoring degree and certification programs to better reflect the needs of current and future industry in New Mexico;
 - Providing incoming students with career information about high-demand fields in the state.
- Three years after the plan’s release, it is unclear how much, if any, progress EDD and HED have made on these recommendations.
- Additionally, while there is strong data tracking students through the k-12 system, there is almost no data tracking students from college to career. Career service centers will be

challenged to cultivate closer relationships with industry and track student job placement success to improve job placement.

- Analysis of college graduate data by the National Bureau of Economic Research show that New Mexico is a net exporter of college graduates with 24 percent of graduates leaving the state.
 - It is likely that one reason for the net out-migration of New Mexico college graduates is a lack of jobs in the state. At the same time, employers report a scarcity of qualified workers which slows private sector growth.
 - Improved tracking of student employment outcomes is crucial to the ability of higher education institutions to provide information to students and academic departments on industry needs and student success.
- While the state’s high school graduation rate has improved in recent years, the overall student population is declining. In order to prevent erosion of the high-skill labor market, K-12 schools will need to not only increase graduation rates but ensure that graduates are college and career ready.
 - SAT test data show New Mexico students are underprepared for higher education relative to their peers nationwide.

Education and Employment Outcomes

- New Mexico’s high school graduation rate of 77 percent is about 10 percent lower than the national average. Additionally, New Mexico has among the lowest proportions of the population holding a bachelor’s degree in the region and the lowest growth in bachelor’s degree attainment.

Share of Population with a Bachelor's Degree or Higher

State	Bachelor's, 2020	Bachelor's, 2006	Growth, 2006-2020	Natn'l Rank, 2020	Natn'l Rank, 2006
Arizona	33.0%	25.5%	7.5%	29	27
Colorado	44.2%	34.3%	9.9%	3	4
New Mexico	30.1%	25.3%	4.8%	39	29
Oklahoma	27.0%	22.1%	4.9%	48	42
Texas	33.2%	24.7%	8.5%	28	34
Utah	36.9%	28.6%	8.3%	15	17

Source: St. Louis Federal Reserve

- Earnings directly reflect educational attainment and the returns to education grow dramatically with each degree earned. For example, a person with a bachelor’s degree earns 62 percent more on average than a person with a high school diploma or equivalent.

New Mexico Worker Median Earnings

Education Level	Average	Men	Women
Graduate/Professional	63,199	81,203	55,806
Bachelor's	45,310	51,358	41,610
Some College/Associates	32,417	40,279	27,264
HS Diploma/Equivalent	27,893	32,559	22,424
Less than HS	21,428	26,872	15,654
State Average	35,029	40,581	30,322

Source: DWS

- Department of Workforce Solutions data show salaries for occupations in the science, technology, engineering, mathematics, and health care fields are significantly higher than for other job types. Jobs paying above the median almost all require education levels higher than high school alone.

Occupation Group	Employment	Entry Wage	Median Wage	Experienced Wage	
Architecture & Engineering	22,340	\$57,710	\$97,090	\$128,180	Above Median
Management	39,110	\$53,750	\$95,040	\$130,390	
Computer & Mathematical	17,810	\$44,980	\$77,150	\$102,270	
Healthcare Practitioners & Technical	47,120	\$42,240	\$76,710	\$115,010	
Life, Physical, & Social Science	11,680	\$42,170	\$74,370	\$111,570	
Legal	6,320	\$41,020	\$69,260	\$111,940	
Business & Financial Operations	41,140	\$41,550	\$62,830	\$92,090	
Educational Instruction & Library	47,220	\$28,560	\$48,720	\$68,840	
Arts, Design, Entertainment	8,940	\$29,150	\$48,310	\$88,680	
Community & Social Service	13,290	\$33,770	\$47,670	\$60,230	
Installation, Maintenance, & Repair	33,670	\$29,290	\$46,450	\$58,690	
Construction & Extraction	48,430	\$30,910	\$44,980	\$56,290	
Protective Service	23,880	\$28,660	\$42,910	\$56,690	
Total all occupations	776,540	\$24,980	\$37,810	\$65,300	
Production	24,080	\$25,880	\$37,150	\$52,380	Below Median
Office & Administrative Support	110,370	\$26,170	\$36,750	\$44,900	
Transportation & Material Moving	55,100	\$24,530	\$30,830	\$45,570	
Sales & Related	67,740	\$22,800	\$29,010	\$43,610	
Building & Grounds Maintenance	23,760	\$22,700	\$27,950	\$32,370	
Personal Care & Service	10,960	\$22,390	\$26,570	\$35,070	
Farming, Fishing, & Forestry	2,590	\$21,880	\$26,410	\$33,180	
Healthcare Support	52,950	\$22,370	\$24,240	\$32,070	
Food Preparation & Serving Related	68,040	\$22,070	\$23,750	\$29,190	

Source: DWS

Opportunities for Upskilling

- New Mexico has a number of workers in low-wage jobs within high-growth, high-wage fields. For example, the Department of Workforce Solutions reports there are 33.7 thousand home health and personal care aides with a median wage of \$22,970. A number of these workers may be interested in and able to complete additional education to become registered nurses with a median wage of \$78,340.
 - The Legislature has made significant investments in nurse program expansion over the past several years including an increase of \$8.8 million in recurring funding for FY24. Despite the investment, applications to nursing programs fell by 9 percent between FY18 and FY22.
 - With financial resources in place to support program growth, higher education institutions will be challenged to identify and recruit new students to these programs and provide them with the necessary support to graduate and achieve licensure.