

NMFA Oversight Committee
October 9, 2020

EDD BUDGET &
NEW MEXICO ECONOMIC RECOVERY

Alicia J. Keyes, Cabinet Secretary



EDD ECONOMIC
DEVELOPMENT
DEPARTMENT

FY20 TO FY21 BUDGET CHANGES

- ❖ EDD was one of only three major agencies to get a budget cut for FY21 despite the severe economic crisis and dire need for economic development
- ❖ EDD suffered the largest budget reduction of the three agencies that got cut

Agency	% Change FY20-21
Economic Development	-3.8
DFA	1.7
Taxation & Revenue	0.3
General Services	5.5
Tourism	2.1
Cultural Affairs	0.5
Energy, Minerals & Natural Resources	1.1
State Engineer	5.0
Workforce Solutions	-2.5
Environment	6.7

TO ACHIEVE A 5% REDUCTION IN FY22

- ❖ EDD FY22 Budget Request: \$13,112.3 thousand
- ❖ EDD Total FY22 Cuts: (\$690.1 thousand)
 - ❖ P512 ED Division: (\$472.6 thousand)
 - ❖ P514 Film: (\$25.0 thousand)
 - ❖ P526 Program Support: (\$169.9 thousand)
 - ❖ P708: Outdoor Rec Division: (\$22.6 thousand)

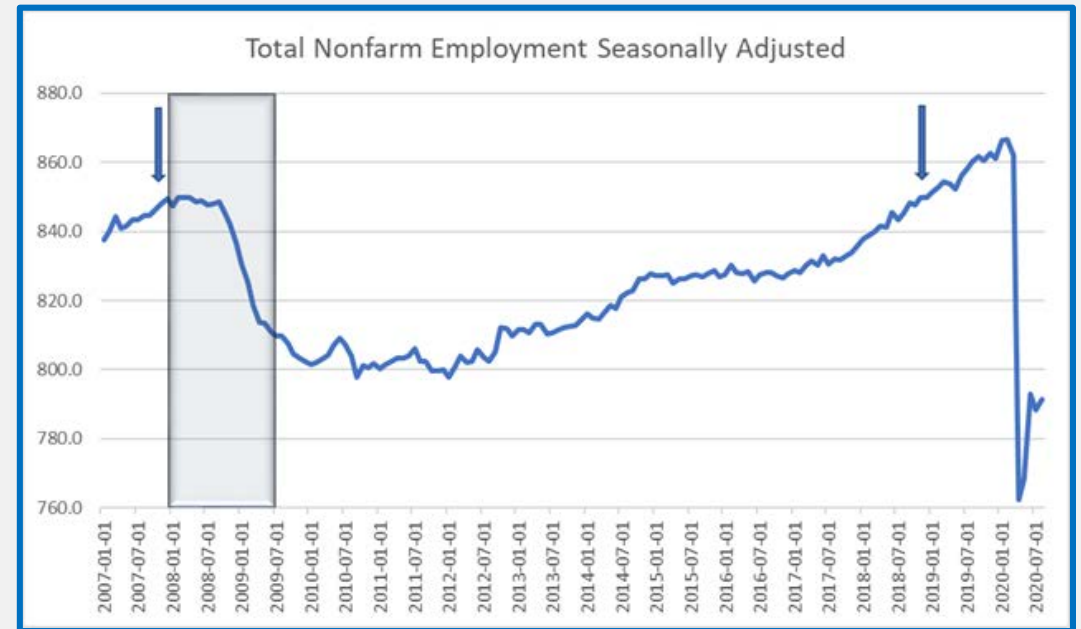
PLAN TO REDUCE BUDGETS

- ❖ \$93.9 thousand cut: Eliminate vacancy savings across the agency.
- ❖ ED -- \$100.0 thousand cut: Reduce funding for the solo-worker program to historical use levels.
- ❖ ED -- \$150.0 thousand cut: Reduce funding for the LEADS program for small grants to local economic development organizations.
- ❖ ED -- \$100.0 thousand cut: Reduce funding for science & tech grants.
- ❖ ED -- \$79.2 thousand cut: Shave contracts and other costs across the division. *This is already being done to a significant degree in FY21.*
- ❖ Film -- \$25.0 thousand cut: Reduce contracts for continued website design and locations packages.
- ❖ Outdoor Rec -- \$22.6 thousand cut: Reduce funding for marketing and promotion of outdoor recreation programs.
- ❖ Program Support -- \$119.4 thousand cut: Reduce costs for contracts and marketing.
- ❖ *By making some tough cuts, we are able to keep critical JTIP funding intact at \$5 million.*

EMPLOYMENT

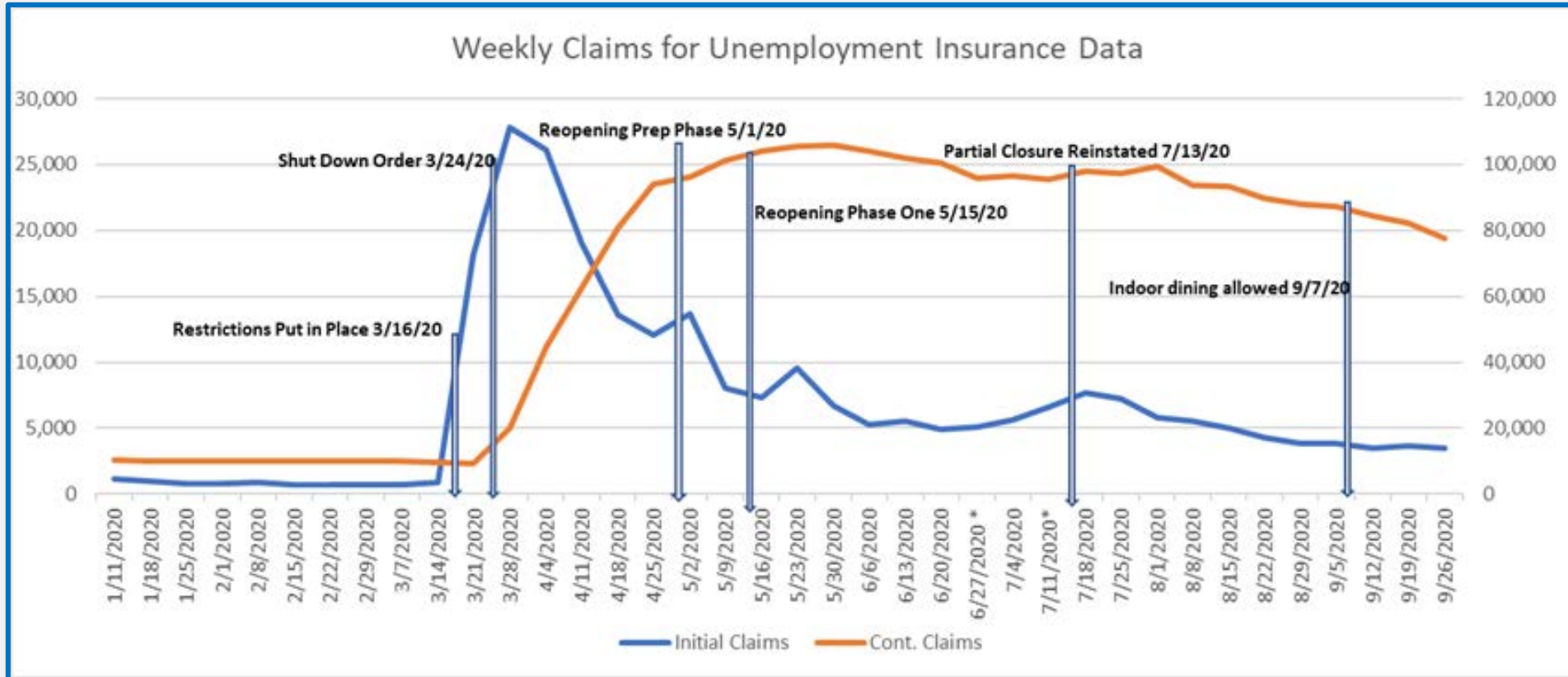
As of August 2020, total nonfarm employment in New Mexico was 791.4 thousand.

The last time it was this low was in August 2004 when the population had 193 thousand fewer people, or 10% smaller.

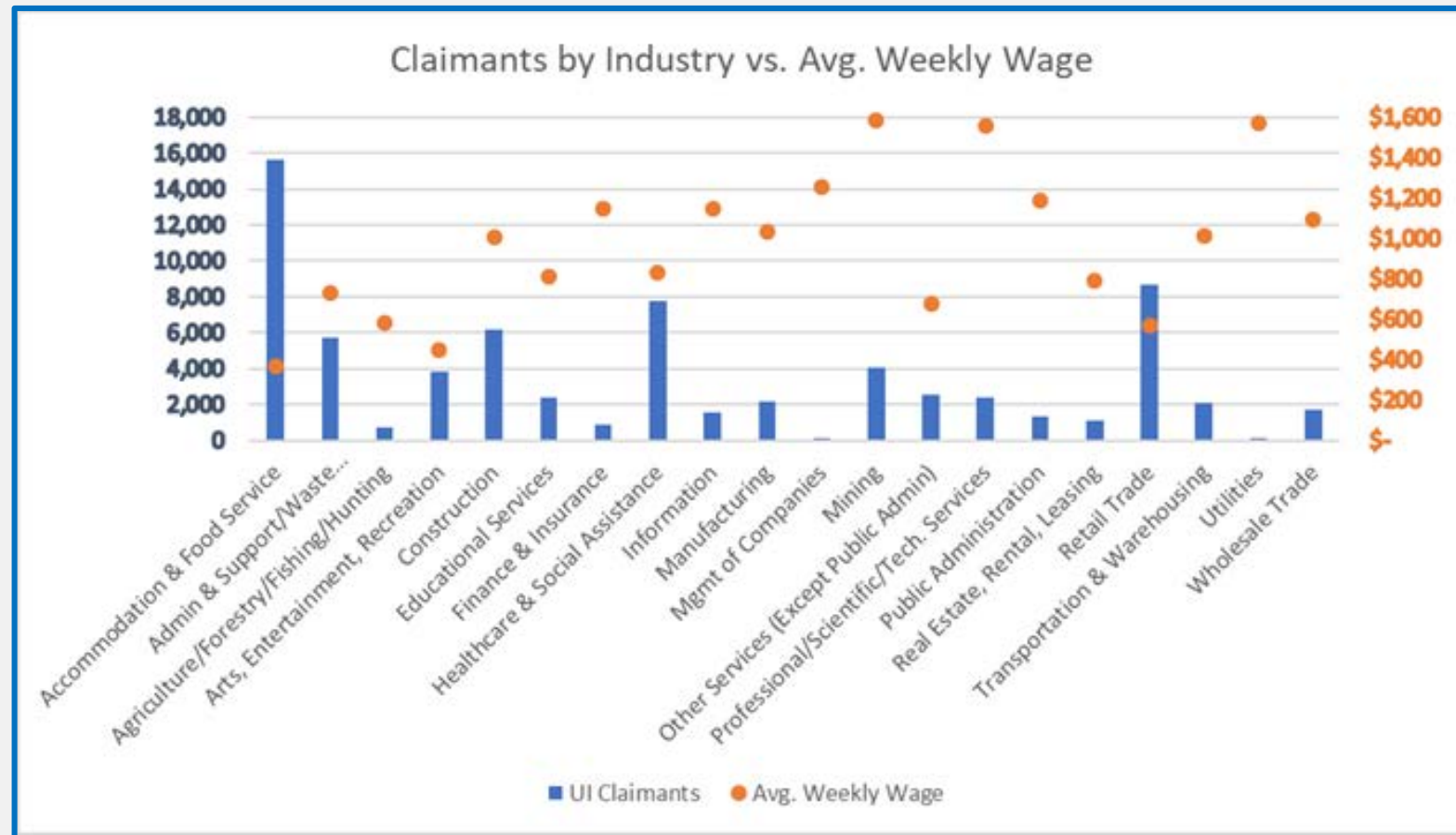


Sources: Bureau of Labor Statistics

UNEMPLOYMENT INSURANCE CLAIMS



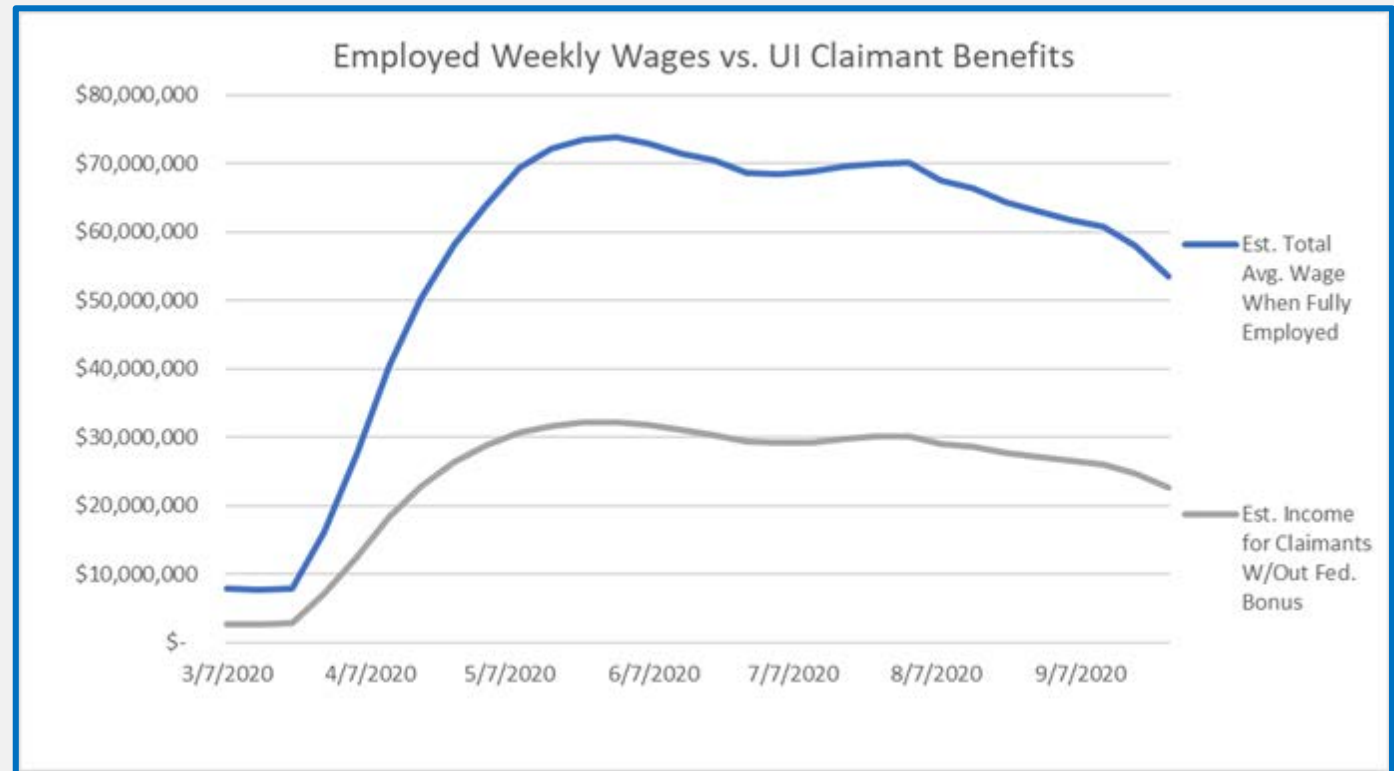
UNEMPLOYMENT INSURANCE CLAIMANTS & WAGE DATA



WAGES & UNEMPLOYMENT BENEFITS

Wages that would have been earned by people claiming unemployment during COVID vs. their UI benefits without additional temporary federal assistance

- Wages received prior to receiving UI benefits
- State benefits alone



RECEIVING UNEMPLOYMENT BENEFITS BY INDUSTRY SECTOR

- For every 11 New Mexicans employed, 1 is receiving unemployment benefits*
- Some industries have been hit harder
 - Arts, Entertainment, Recreation
 - Accommodation & Food Service
 - Information

Industry	Percentage of Industry Receiving UI Benefits*	Ratio of Employed to Individuals Receiving UI Benefits*
Accommodation & Food Service	17%	6
Admin & Support/Waste Mgmt	12%	8
Agriculture/Forestry/Fishing/Hunting	7%	14
Arts, Entertainment, Recreation	23%	4
Construction	11%	9
Educational Services	3%	33
Finance & Insurance	4%	26
Healthcare & Social Assistance	5%	19
Information	14%	7
Manufacturing	8%	13
Mgmt of Companies	2%	42
Mining	16%	6
Other Services (Except Public Admin)	12%	8
Professional/Scientific/Tech. Services	4%	27
Public Administration	2%	45
Real Estate, Rental, Leasing	10%	10
Retail Trade	10%	10
Transportation & Warehousing	8%	12
Utilities	2%	65
Wholesale Trade	8%	12

**Comparing employment data at its highest point (Feb 2020) and UI data for week ending Sept. 26, 2020*

EDD INITIATIVES BEFORE THE FEDERAL GOVERNMENT TOOK ACTION

EDD financing initiatives to help our businesses stay in business

- **No-Interest LEDA Loans**
 - \$1,747,794 no-interest LEDA loans to Glencoe, Ruidoso, Santa Fe and Albuquerque to retain 136 jobs
- **COVID-19 Emergency Loan Guarantee Program**
 - Collateral to 46 businesses for loans of \$2.1 million in Bernalillo, Colfax, Curry, Sandoval, Santa Fe, Union, and Valencia counties



Buy for Tomorrow Today Website

- Nearly 700 businesses registered for online sales of products and services

SIC's New Mexico Recovery Fund - \$100 Million

- Businesses with more than 40 employees
- Intent to retain company headcount over the life of the loan
- Demonstrate negative COVID-19 economic impact
- Commit to spend at least 80% of the loan proceeds in NM
- \$32 million in loans already funded and another \$14 million in legal documentation

<https://sunmountaincapital.com/new-mexico-recovery-fund/>

NMSBIC Pandemic Relief Loans – \$45 million

The Legislature passed and the Governor signed SB 10 in the 2019 session, doubling the allocation of the Severance Tax Permanent Fund to the New Mexico Small Business Investment Corporation (NMSBIC) to make low-interest loans to underserved small businesses. NMSBIC has made \$45 million of this available specifically for small businesses impacted by the pandemic, including:

- \$30M supporting 796 Paycheck Protection Program loans administered by CDFI partners
- \$7M in 47 direct loans made through CDFI partners

NMFA's Essential Services Working Capital Program

Emergency loans at 1% interest rate to health care/critical service providers, whose operating funds are insufficient to meet the demand resulting from the health crisis and Emergency Health Orders

Available to for-profit or not-for-profit; retail businesses not eligible

Up to \$1 million, based upon the borrowing capacity and financial viability of the essential service provider

Term loans with maturities of up to five years

Lines of credit of up to one year, then may be converted to a term loan and repaid over a period not to exceed five years

Secured by receivables and other available personal property

Grant dollars are not available

business@nmfa.net

SBA FEDERAL LOAN PROGRAMS



U.S. Small Business
Administration

PAYCHECK PROTECTION PROGRAM

Paycheck Protection Program (PPP) Closed

\$134 billion was still available nationally

New Mexico:

- 23,033 PPP loans
- Totaling \$2.27 billion

Loan forgiveness beginning 10/5

Economic Injury Disaster Loan Program (EIDL)

New Mexico:

- EIDL loans to 14,288 N.M. businesses
- Totaling \$777 million
- Average loan is \$54,412

AVERAGE LOAN AMOUNT FOR COMPANIES THAT RECEIVED \$150K PLUS FROM THE SBA

Loan Amount	Percent
\$5 to \$10 million	1%
\$2 to \$5 million	3%
\$1 to \$2 million	7%
\$350,000 to \$1 million	28%
\$150,000 to \$350,000	62%
Blank	0.03%

For the companies that received less than \$150K:

- 56% of dollars were awarded to companies based in ABQ, Las Cruces & Santa Fe
- 44% of dollars went to the remainder of the state

For the companies that received \$150K plus:

- 60.7% of loans were awarded to companies based in ABQ, Las Cruces & Santa Fe
- 39.3% of loans went to the remainder of the state

Type of Company	% Awarded under \$150K	% Awarded \$150K Plus
Agriculture	3%	4%
Mining	2%	8%
Utilities	0.2%	0.53%
Construction	10%	15%
Manufacturing	4%	6%
Wholesale Trade	2%	3%
Retail Trade	10%	9%
Transportation & Warehousing	3%	2%
Information	1%	1%
Finance & Insurance	3%	1%
Real Estate & Rental, Leasing	5%	2%
Professional, Scientific & Technical Services	12%	9%
Management of Companies & Enterprises	0.1%	0%
Administrative	4%	4%
Educational Services	2%	2%
Health Care	11%	15%
Arts, Entertainment & Recreation	3%	2%
Accommodations & Food Services	9%	10%
Other	12%	5%
Public Administration	0.3%	0.4%
Unclassified	1%	0.3%
Blank	2%	0.3%

MONITORING OUR PROGRESS

Accessible from our home page:

www.GoNM.biz



County Economic Summaries

- Gross receipts taxes are the lifeblood of most communities
- Gross receipts data provides a very different picture than employment data
- County Economic Summaries provide data on sectors as they rise and fall
- Many data sources focus on metro areas – we have included *all 33 counties*

Next publication: November 2020

DIVERSIFICATION



Pebble Labs

- New Mexico needs economic diversity and better paying jobs in order to build sustainable wealth that is not dependent on volatile industries
 - 18% of our workforce is public sector, including federal government, vs 12% nationally
 - 38% of state GDP comes from two industries: government and energy/mining
 - 47% of general fund revenues come from oil and gas
 - 21% of taxable gross receipts are from retail spending
 - Retail and oil and gas account for well over half of all general fund revenues
- Growing economic base industries is critical
 - Industries such as advanced manufacturing, value-added food processing and aviation and aerospace
- Continued investment in business development & workforce training is necessary
- New Mexico has two programs without which we cannot help local companies expand and attract new companies to locate here: **JTIP and LEDA**

JOB TRAINING INCENTIVE PROGRAM

Since January 2019, the JTIP Board awarded money to 102 businesses to train **4,438 workers** and create 4,012 new jobs: **1,615 rural jobs (36%)** & 2,397 urban jobs in communities across the state.

Alamogordo	Church Rock	Los Alamos	Rio Rancho	Santa Teresa
Albuquerque	Clovis	Loving	Roswell	Sunland Park
Berino	Corrales	Moriarty	Sandia Park	Taos
Bernalillo	Deming	Questa	Santa Fe	Tierra Amarilla
Carlsbad	Las Cruces	Red River	Santa Rosa	Truth or Consequences

Industrial research, robotics, AI, defense, aviation, image analysis, remote sensing, quantum computing, commercial solar, aerospace, specialty foods, & agriculture

Long time JTIP participant **Ideum** was just named one of New Mexico's fastest growing companies.



Ideum display

LEDA

Industry	Pending Projects	Jobs	Average Salary	CapX
Aviation	1	1,500	\$68K	\$115M
Film	2	3,500	\$65K	\$500M
Manufacturing	2	300	\$97K	\$5M
Office	1	350	\$46K	\$15M
Value-Added Ag	2	115	\$40K	\$40M
Broadband	1	150	\$70K	\$100M

- \$25 million in remaining LEDA funding available
- \$26 million of LEDA allocations in pipeline for projects likely to close within two months
- Projects in the pipeline for this fiscal year would locate in Albuquerque, Belen, Santa Teresa, Truth or Consequences, Las Cruces, Alamogordo, Clovis, Raton and Santa Fe
- Industry sectors include aerospace and aviation, security, energy, biosciences, advanced manufacturing and value-added agriculture



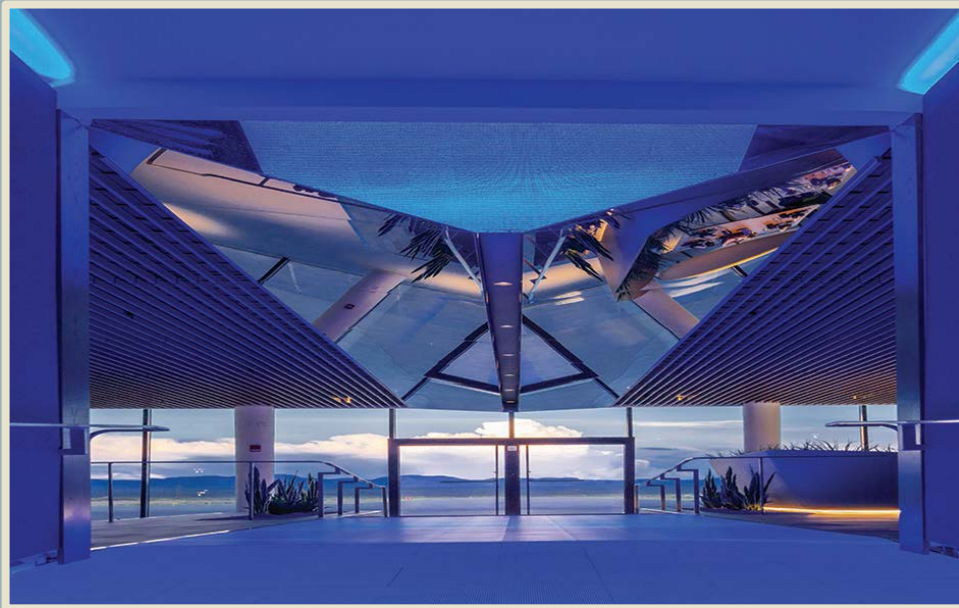
AeroVironment's solar powered High Altitude Platform Station

ASCENT AVIATION

- Announced on September 28th
- First major facility at the Roswell Air Center since 1968
- 360 new jobs
- Average salary of \$60,000
- Company investment of \$18M
- Economic impact of \$545M over 10 years
- LEDA investment of \$4M
- Chaves County investment of \$3M



THE PATH FORWARD



The start of the Interactive Astronaut Walk at the Gateway to Space, Spaceport America.

- Before COVID-19, the state's GDP growth was 4th nationally and wages were increasing
- We have momentum – New Mexico is primed for economic growth and high paying jobs after the COVID-19 risks are behind us
- Silver lining is the opportunity to capture businesses
- Ascent deal is a good indicator of things to come
- More important than ever to BUY LOCAL
- Adhere to COVID Safe Practices