

# LEGISLATIVE FINANCE COMMITTEE

## NOVEMBER 21, 2019

Jon Clark, Deputy Secretary



## NEW GOALS

- Wealth Creation for New Mexicans: Higher Incomes, More Investment in the State
- Improved Economic Opportunities for New Mexicans
- Diversify Economy
- Focus on Rural Communities

# RURAL & SMALL BUSINESS STRATEGY CONFERENCE

- September 26 & 27
- National Hispanic Cultural Center
- Keynote by the Hunt Institute
- Overview from USDA Rural Development
- Infrastructure panel with the COGs
- Attracting FDI
- Incentive success stories
- Signed an MOU with the SBA
- Discussions on improving rural opportunities



## FOCUS ON QUALITY JOBS

No Longer Focusing on  
Traditional Call Centers

Average Salary of LEDA  
Projects to Date: **\$61,911**



## EDD BUDGET & STAFFING: PAST & PRESENT

- ❖ FY10: 70 FTE (agency peak)
- ❖ FY20: 52 FTE
- ❖ FY10 recurring general fund budget\*: \$7.9 million
  - ❖ **\$9.4 million** in FY20 dollars after inflation
- ❖ FY20 recurring general fund budget\*: \$8.1 million
  - ❖ **\$6.8 million** excluding other new non-operational budget expenditures

- \*Budget for operations – excludes funding for JTIP and the NM Partnership

## FY21 BUDGET REQUEST SUMMARY

	FY19 Actual	FY20 Operating	FY21 Request	Change	% Change FY21/FY20
Gen Fund	\$10,869.0	\$14,480.2	\$16,538.1	\$2,057.9	14%
200 Level	\$3,466.2	\$4,419.8	\$5,068.8	\$649.0	15%
300 Level	\$2,550.6	\$3,248.8	\$3,387.7	\$138.9	4%
400 Level	<u>\$4,670.0</u>	<u>\$7,353.7</u>	<u>\$8,081.6</u>	<u>\$727.9</u>	10%
	\$10,686.8	\$15,022.3	\$16,538.1	\$1,515.8	10%
FTE	50	52	58		

- Increase FTEs from 52 to 58 – still 12 fewer than a decade ago
- Fund Outdoor Recreation Division
- Fund essential staffing to fulfill program functions, ensure accountability & improve data tracking/reporting

## PROGRAM SUPPORT REQUEST

### Fund 4 FTE (\$288,600)

- Fund 2 unfunded vacancies: second economist & attorney
  - Needed to maintain timely and accurate analyses and legal documents related to LEDA and other projects
  - Will improve tracking, reporting and analysis
- Fund 2 new FTE: grant writers to compete for millions of dollars in federal grants
  - Many millions bypass New Mexico each year because we do not have staff time for lengthy grant applications
  - The small general fund amount can leverage federal funds many times over

## OUTDOOR RECREATION REQUEST

- Fund 2 new FTE and marketing and advertising (\$989,000)
- New division created in 2019 session but with only \$200,000 in operating funding and \$100,000 “junior bill” money for the outdoor equity fund
- Additional funding is necessary to allow this division to succeed – \$200,000 is not enough to staff and advertise the program
- Hiring the best people for the two positions with outdoor recreation marketing and economic development experience results in combined salary and benefits of more than \$200,000
  - We can manage for FY20 with some budget savings in the Economic Development Division, but funding is insufficient for FY21
  - An increase is needed just to fund these 2 FTE and provide for necessary travel and events, but if we want New Mexico to become a premier destination for outdoor recreation travel, events and businesses, we need a significant increase



## FILM DIVISION REQUEST

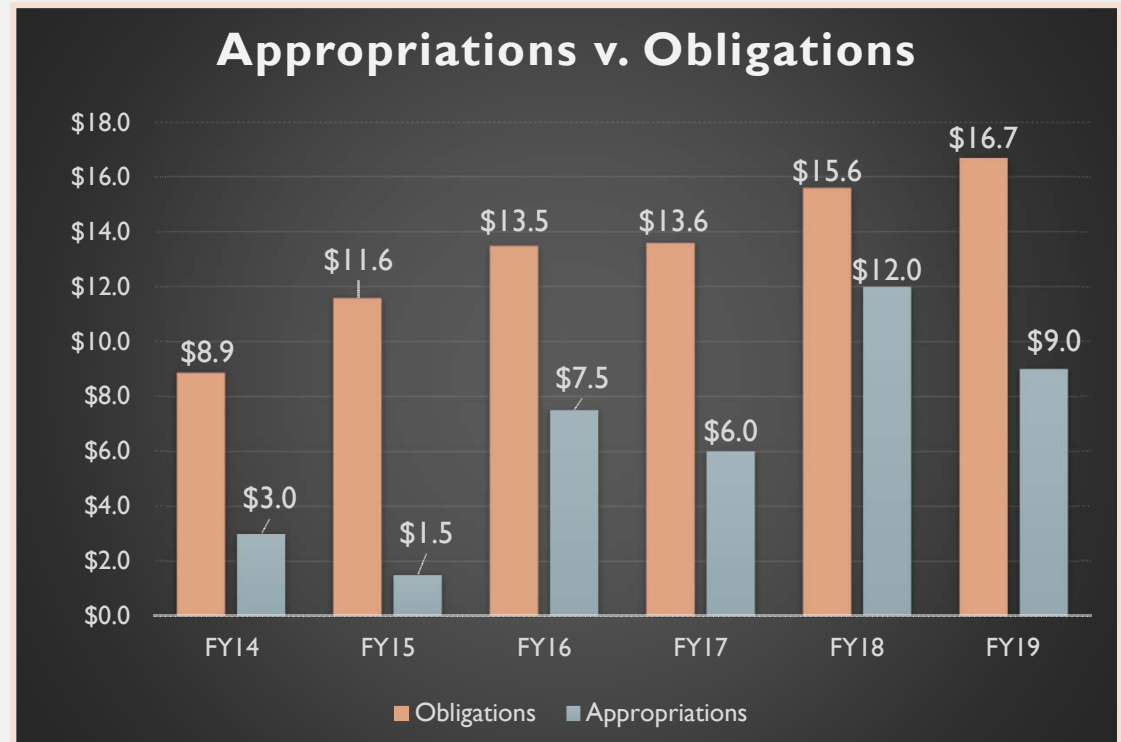
- Fund 2 new FTE (\$118,800)
  - Need to handle increased film credit program and production activity
  - Significant improvements in data tracking and reporting, but this takes more staff time
  - To ensure high quality data tracking and reporting for this rapidly expanding industry and recently expanded credit, we need more staffing
- Fund essential website updates, marketing events and the annual film & media conference (\$168,400)
  - Film & media conference receives nearly 3,500 attendees
  - Marketing events allow the Film Division to educate more businesses on industry resources in the state, including facilities and support businesses in rural locations

## ECONOMIC DEVELOPMENT DIVISION REQUEST

- Fund 1 unfunded vacancy and two leased vehicles necessary for the Community, Business & Rural Development Team (CBRDT) (\$101,000)
- Over time, as local government budgets have been crunched, there have been fewer full-time local economic developers with fewer resources
- Our CBRDT “regional reps” fill a critical role by supporting economic development activities across the state, providing “boots on the ground” when local governments cannot afford to do so and by coordinating with local economic developers
  - Working to improve internal performance measures to gauge these impacts

# JTIP SPECIAL APPROPRIATION REQUEST

- Demand for the program is increasing – 70 businesses assisted in FY19 – 2,333 workers trained
- Appropriations have not kept pace with demand
- FY20 target is 2,050 trainees
- The Math: 2,050 trainees  
 X \$20/hour (Av.)  
 X 1,040 training hours  
 @ 50% reimbursement  
 = \$21.3 Million



Special Appropriation: **\$7M**  
 Base Budget Request: **\$5M**  
 Total: **\$12M**

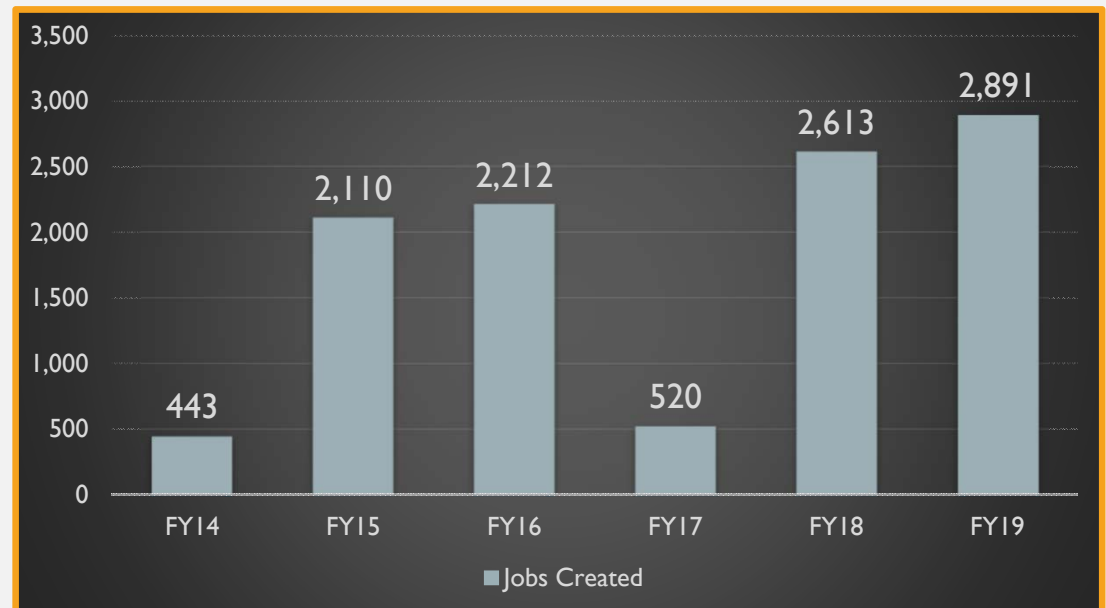
## FY20 LEDA PROGRAM METRICS & HISTORY

### FY14-FY19 Results:

- 10,789 new jobs
- Private investment of \$2.3B

### FY20 Performance Targets:

- Number of jobs created through the use of LEDA funds = 2,500
- Number of private sector dollars leveraged by each dollar through LEDA = 12:1



## LEDA SPECIAL APPROPRIATION REQUESTS

- **Funding Request: \$40M**

- \$30 million to bring available balance back to \$75 million at the end of FY20
  - Conservatively estimated projects likely to close within 8 months
- \$10 million for rural infrastructure projects
  - This would be a new LEDA policy track to give greater flexibility for rural projects
  - Addresses one of the two top issues noted by site selectors & executives: infrastructure and education
  - Gives our rural communities a chance to fight for projects with shovel-ready sites
- Requesting extension of prior LEDA appropriations

LEDA Balance in SHARE: \$67.8 million

LEDA Available Balance: \$52.8 million

LEDA Pipeline: \$105 million

FY19 LEDA Impact:

- 2,891 jobs
- \$1.2 billion new private investment
- 8 rural projects – 970 jobs

## CERTIFIED SITE PROGRAM SPECIAL APPROPRIATION REQUEST

One-Time Request of \$5 Million

The New Mexico Certified Sites Program will provide matching funds to communities and private businesses to assist with the costs of achieving a certified site

- Certified sites demonstrate construction readiness, enhancing marketability
- Typical requirements for certification include utilities on site, surveyed & platted, completion of any required environmental studies and a commitment to sell for an agreed upon price
- Certified sites are most impactful in small, rural communities

## TECHNOLOGY RESEARCH COLLABORATIVE (TRC) SPECIAL APPROPRIATION REQUEST

**\$10 Million**

- For competitive grants approved by the Technology Research Collaborative to assist high technology businesses in the state and facilitate technology transfer from the public sector to the private sector within the state
- Current budget amount is \$100,000
- Will allow for matching grants to tech startups

## SPECIAL APPROPRIATION REQUEST TO FUND THE DEVELOPMENT OF A 20-YEAR COMPREHENSIVE STATEWIDE PLAN

### One-Time Request of \$300 Thousand

- Develop a 20-year, comprehensive, statewide economic development plan that addresses the need to diversify the state's economy with regional plans to help all communities
- \$300,000 will be used to hire professional experts to review strengths and weaknesses of regions of the state and help develop a 20-year strategy
- A true statewide plan will include input from various agencies and stakeholders at the state and local levels and act as a plan for all these stakeholders, not just EDD, so the plan will have staying power across administrations – like the “NM True” branding



SPECIAL APPROPRIATION REQUEST TO  
EXTEND THE HOURS AT SANTA TERESA POE

One-Time Request of \$450 Thousand

- \$450 thousand for a memorandum of understanding with U.S. Customs & Border Protection to extend the hours of operation at the Santa Teresa POE