



# The Road to Resiliency

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PRESENTATION TO THE  
LEGISLATIVE FINANCE COMMITTEE  
NOVEMBER 20, 2020

ALICIA J. KEYES, CABINET SECRETARY

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*To improve the lives of New Mexico families by increasing economic opportunities and providing a place for businesses to thrive.*

## OUR MISSION

# FY20 To FY21 Budget Changes

- ❖ EDD was one of only two 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 two 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

# Plan to reduce FY22 budget by 5%: Economic Development Division

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- ❖ *By making some tough cuts, we were able to keep critical JTIP funding intact at \$5 million.*
- ❖ (\$100.0 thousand) cut: Reduce funding for the solo-worker program to historical use levels.
- ❖ (\$150.0 thousand) cut: Reduce funding for the LEADS program for small grants to local economic development organizations.
- ❖ (\$100.0 thousand) cut: Reduce funding for science & tech grants.
- ❖ (\$43.4 thousand) cut: Eliminate vacancy savings.
- ❖ (\$79.2 thousand) cut: Shave contracts and other costs across the division. *This is already being done to a significant degree in FY21.*
- ❖ Eliminate 1 FTE vacant more than two years.

# Plan to reduce FY22 budget by 5%: Film Division

P514	FY21	Other Changes	Cuts	FY22
200 Personnel	576.4	104.4		680.8
300 Contractual	182.8	(104.4)	(25.0)	53.4
400 Other Costs	78.9			78.9
Total	838.1	0.0	(25.0)	813.1

- ❖ Move \$104.4 thousand from 300s to 200s to cover salaries.
- ❖ (\$25.0 thousand) cut: Reduce contracts for continued website design and locations packages. *(Film is only bearing about half of the 5% cut due to the division's tight budget; the remainder of the cut is being added to Program Support.)*

# Plan to reduce FY22 budget by 5%: Program Support Division

P526	FY21	Cuts	FY22
200 Personnel	1,746.0	(50.5)	1,695.5
300 Contractual	1,142.7	(119.4)	1,023.3
400 Other Costs	172.0		172.0
Total	3,060.7	(169.9)	2,890.8

- ❖ (\$119.4 thousand) cut: Reduce costs for contracts & marketing.
- ❖ (\$50.5 thousand) cut: Eliminate vacancy savings.

# Plan to reduce FY22 budget by 5%: Outdoor Recreation Division

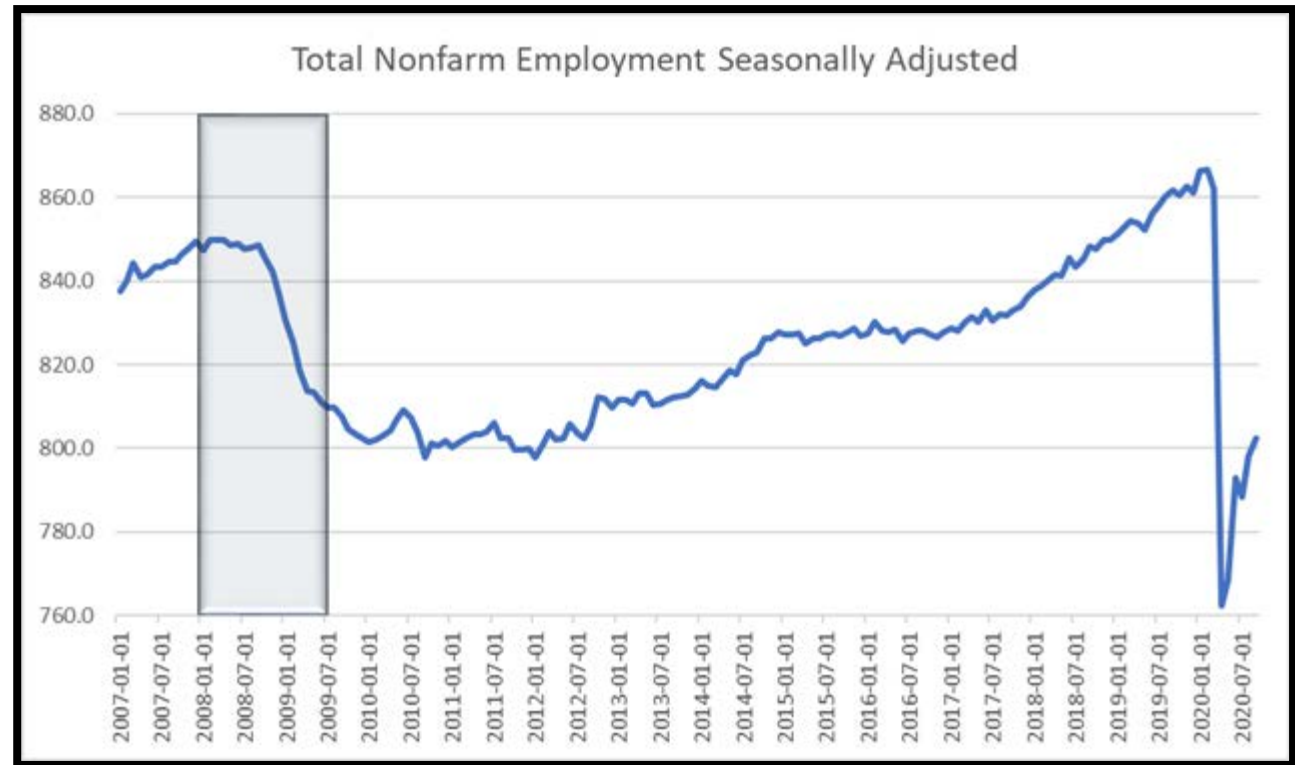
P708	FY21	Other Changes	Cuts	FY22
200 Personnel	251.4	(57.0)		194.4
300 Contractual		100.0		100.0
400 Other Costs	200.0	(43.0)	(22.6)	134.4
Total	451.4	0.0	(22.6)	428.8

- ❖ Move funding among categories to correct erroneous FY21 operating budget allocations.
- ❖ (\$22.6 thousand) cut: Reduce funding for marketing and promotion of outdoor recreation programs.



# Unprecedented Job Losses

As of September 2020, total nonfarm employment in New Mexico was 802.4 thousand.



Since February, we have seen a 7% decrease in nonfarm employment.





EDD supported the creation of 1,219 jobs in Q1 FY21

None of these jobs would have happened in New Mexico without JTIP and LEDA.

JTIP & LEDA are more  
critical now than ever.

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# Nine Announcements Since March



High Plains Processing  
EAGL Technology  
HAPSMobile  
SavantX

Roses Southwest Paper  
SCEYE  
LaSen, Inc.  
Ascent Aviation  
Prent



# JTIP

## Q1 FY21

- 1,253 New Mexicans were trained for new jobs
- 420 trainees in rural communities

Albuquerque	Clovis	Corrales
Las Cruces	Las Vegas	Rio Rancho
Santa Fe	Sunland Park	Truth or Consequences



Cummins Natural Gas Engines, Clovis

# Since January 1, 2019

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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

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

# LEDA

## Q1 FY21

- LEDA supported 617 total new jobs
- 500 rural jobs

COMPANY	LOCATION	# OF JOBS	LEDA INVESTMENT	CAPX
Roses Southwest Paper	Albuquerque	38	\$100,000	\$12M
SCEYE	Moriarty or Roswell	140	\$5M	\$50M
LaSen Inc.	Las Cruces	79	\$750,000	\$8.4M
Ascent Aviation	Roswell	360	\$4M	\$18M

**\$88.4M in New Private Investment (CAPX)**



# Since January 1, 2019

LEDA has invested in 23 companies

2,833 new jobs were supported

These companies will invest over \$500M in New Mexico

Total annual payroll in excess of \$250M annually

Estimated ten-year economic impact of \$4.5B

Locations in 11 communities shown below



Albuquerque	Cimarron	Las Cruces	Las Vegas
Los Alamos	Lovington	Roswell	Santa Fe
Santa Teresa	Tierra Amarilla	Upham/Spaceport America	



# FDI Successes

Two Taiwanese  
companies have located  
to Santa Teresa

Admiral Cable & Xxentria  
Technology Materials  
Company



A bi-national trade mission to Taiwan in October 2019 resulted in Xxentria's decision to locate in New Mexico.

Sec. Keyes and her counterpart from Chihuahua participated.

Xxentria has purchased 40 acres in the Westpark Logistics Center.

The office and a manufacturing/distribution facility will be located in **Santa Teresa**, with the main production facility in **Chihuahua**.

We can recruit more Taiwanese companies with full-time representation there.

# New Mexico MainStreet

## Impact of Capital Outlay Funds



Silver City Main Street Plaza

Investments in Public Infrastructure

Leverages public investment through Private Sector Reinvestment

Builds confidence and demonstrates visible improvements

Within three years of completed Public Infrastructure Projects:

- 60% - Increase in pedestrian traffic
- 60% - Increase in business expansions (retention/leakage)
- 95% - Increase in new business openings
- 70% - Reduction in building vacancies
- 80% - Greater attendance at downtown events



Tucumcari MainStreet's Second Street Great Blocks Project - June 2020

# Outdoor Recreation Division

Created to expand the outdoor recreation economy in every corner of New Mexico, and bring jobs, prosperity and wellness to New Mexico residents

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The Outdoor Recreation Economy directly supports 33,500 jobs in our state, \$1.2B in wages and 2.5% of the state's GDP

Three key initiatives:

Outdoor Equity Fund

Special Projects & Infrastructure Fund

Business Incubators





# The Outdoor Equity Fund

First of its kind in the country

The purpose of the fund is to help disadvantaged youth get outdoors

One \$10,000 grant has already had a huge impact



The grant was awarded to Silver Stallion, a nonprofit in Gallup that will establish a Mobile Ride Center

The grant also helped Silver Stallion raise an addition \$43,000 in funds from outside the state to support Diné mountain bike teams.

The Mobile Ride Center will travel the Navajo Nation repairing bikes for young riders whenever it is safe to do so.



# EDD Grant Wins

- \$140,625
- \$681,308
- \$90,000
- \$20,000
- \$1,500,000

New Mexico MainStreet applied for and was selected to participate in the National Park Service Main Street Facade Improvement Grant Program. The program will provide \$140,625 in federal funding from the NPS for historic building façade improvements in Deming, Silver City, and Gallup.

The Office of Science and Technology received a \$681,308 federal grant from the OEA to help businesses comply with new federal cybersecurity requirements. The OST is partnering with NM Tech, MEP and the Procurement Technical Assistance Program to deploy the funds over the course of two years.

The Office of International Trade secured a State Trade Expansion Program (STEP) grant in the amount of \$90,000 for federal fiscal year 20-21 to support New Mexico companies with exporting their products internationally.

The Outdoor Recreation Division was awarded a \$20,000 grant from North Face to support the Outdoor Equity Fund.

EDD applied for and received an EDA grant of \$1.5M to support the 20-year strategic planning effort.





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