

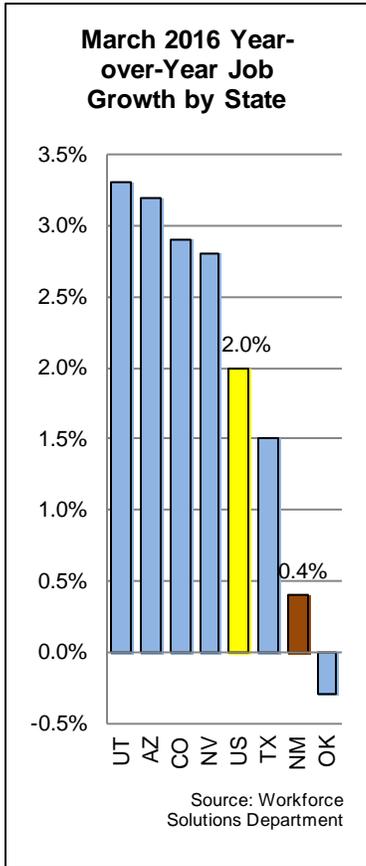


PERFORMANCE REPORT CARD

Economic Development Department
Third Quarter, Fiscal Year 2016

Economic Development Department

The third quarter of FY16 ended with 0.4 percent year-over-year job growth for the state, a gain of 3,000 jobs. While small, this gain is the highest level of growth since September 2015. However, the Economic Development Department (EDD) had its lowest job creation quarter of the year, announcing 126 new jobs during the third quarter. With three-fourths of the fiscal year over, the department is only halfway toward the FY16 job creation target.



Economic Development Program

EDD struggles to meet rural job creation targets, reaching just 22 percent of the annual rural jobs goal by the end of the third quarter. Additionally, statute requires one-third of Job Training Incentive Program (JTIP) appropriations to be spent on training in rural areas, but EDD appears to have violated the statute each year for at least the last three fiscal years, and the problem is getting worse, to the disadvantage of rural parts of New Mexico, which have the greatest need for jobs. The agency spent 18.6 percent of FY14 awards on rural training, and this dropped to 14.6 percent of FY15 awards and just 4.4 percent of FY16 awards year-to-date.

The department awarded \$9.4 million in Local Economic Development Act (LEDA) funds during the first three quarters of FY16, up from a reported \$5.3 million during all of FY15. The 13 businesses and two historic theaters receiving funding announced plans to create a total of 1,190 jobs, resulting in a cost per job of \$7,915. This is a 364 percent increase from the \$2,177 cost per job the department reported for FY15. Additionally, these figures represent the cost for announced jobs rather than jobs actually filled.

The Economic Development Partnership remains far below job levels needed to meet the annual target despite a \$250 thousand increase in appropriations for FY16. As projected in the second quarter report card, the loss of the organization's director at the start of the third quarter may have contributed to the drop in announced jobs, falling to zero for the third quarter. However, despite the loss of the director, the organization continues to work with the Tourism Department to develop ads to recruit businesses using the "New Mexico True" brand, leveraging financial resources and extending the reach of this successful statewide brand.

The Economic Development Department significantly improved reporting over the last few years, adding some JTIP and LEDA results to the website, correcting past issues of double-counting jobs, and clearly identifying the number of JTIP trainees previously awarded funding but not hired within the required timeframe. As a result, data reliability and transparency improved substantially. However, the website still does not list jobs announced or private investment for LEDA projects, and the agency does not track and report the number of jobs actually created.

Economic Development		FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
Budget: \$6,740.4 FTE: 23							
1	Total number of jobs created due to economic development department efforts	3,294	4,500	778	1,346	126	R
2	Rural jobs created	726	1,750	279	83	24	R
3	Jobs created through business relocations and competitive expansions facilitated by the economic development partnership	222	2,000	230	82	0	R
4	Workers trained by the job training incentive program	2,086	1,400	627	742	342	Y

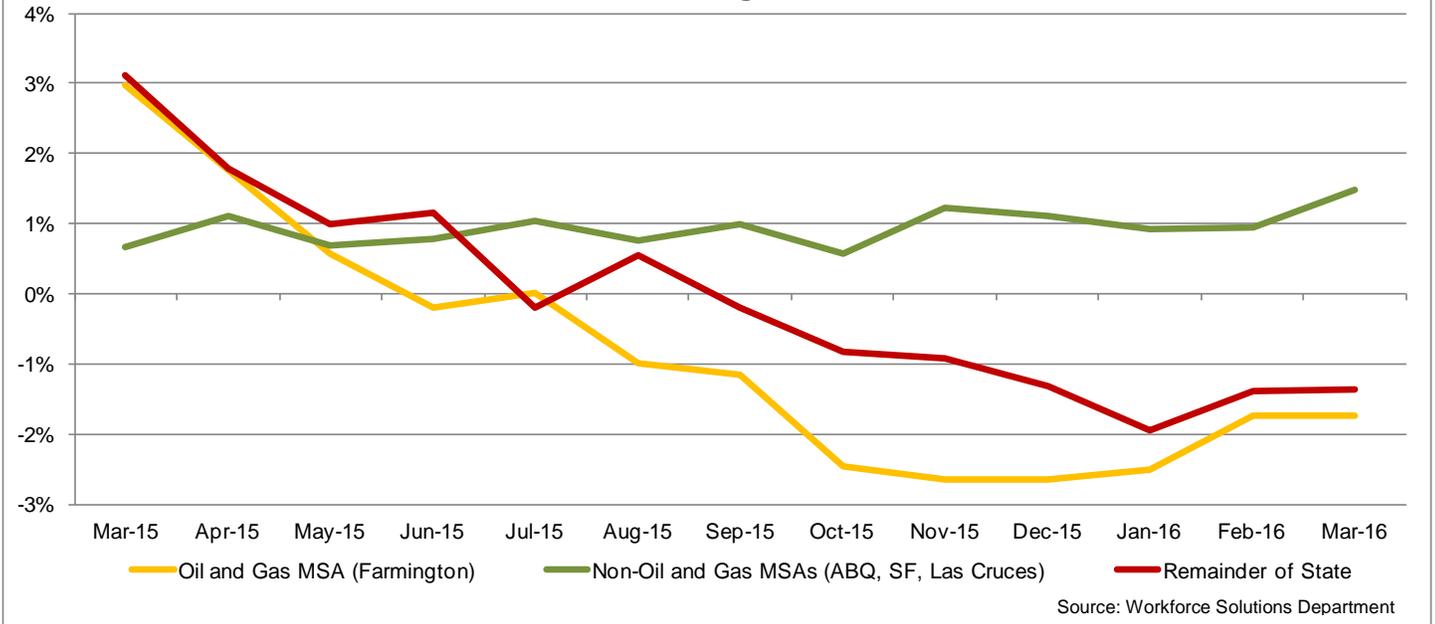


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5	Average hourly wage of jobs funded through the job training incentive program (cumulative average)	\$17.67	\$20.00	\$15.68	\$17.51	\$17.57	Y
6	Business advocacy cases solved	72	65	31	24	3	G
Program Rating		Y					Y

**Employment Growth Year-over-Year by Region
March 2015 through March 2016**



Film Program

Film industry activity mostly picked up in the third quarter after a significant decline in the second quarter. Activity levels appear to be sufficient to meet or nearly meet two of the three performance measures; however, FY16 will likely end with numbers well below FY15 results. In addition to recruiting film and media projects, the Film Office spends significant time doing statewide outreach to encourage entrepreneurs and promote the industry. The office also participates in events that create networking opportunities for those in the industry and others interested in joining. One statewide outreach event was held in Las Cruces with more than 50 participants discussing the industry and opportunities for New Mexicans.

Film		FY15 Actual	FY16 Target	Q1	Q2	Q3	Rating
Budget: \$758.5 FTE: 8							
7	Film and media worker days, in thousands	298	190	83	20	49	G
8	Direct spending by film industry productions, in millions	\$286	\$200	\$70	\$23	\$54	Y
9	Films and media projects principally made in New Mexico	79	61	20	12	7	R
Program Rating		G					Y

KEY ISSUES

EDD's performance report does not include an action plan for each unmet performance target. Notation of when the agency projects to be back on track to meet the targets and how it plans to do so would be useful both for internal guidance and for external evaluation. In particular, it would be useful to know how the agency plans to address the ongoing issue of poor rural job creation performance results.

IMPROVEMENT PLANS

Submitted by agency?	No
Timeline assigned?	No
Responsibility assigned?	No