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REOPENING & RECOVERY OF NEW MEXICO'S ECONOMY

Alicia J. Keyes, Cabinet Secretary

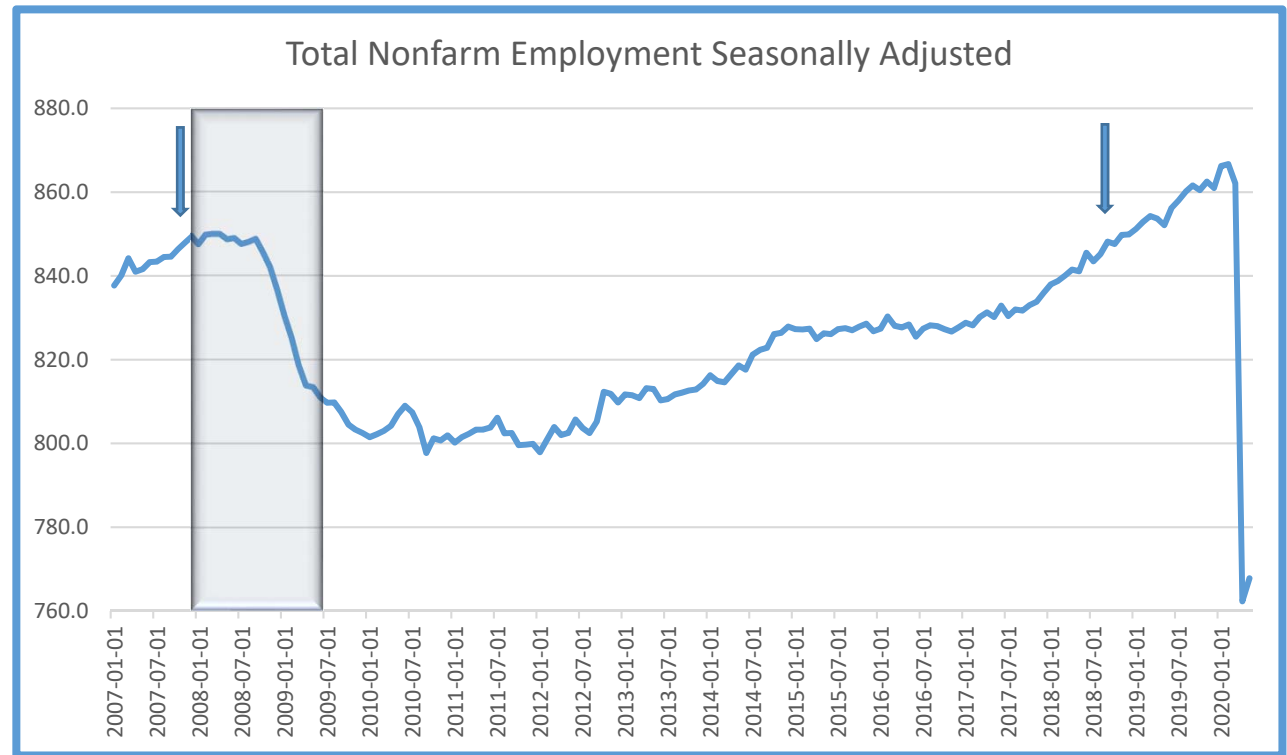
Legislative Finance Committee - July 15, 2020, Cloudcroft

*The Economic Development Department's Mission is to improve
the lives of New Mexico families by increasing economic
opportunities and providing a place for businesses to thrive.*

Employment

As of May 2020, total nonfarm employment in New Mexico was 767.8 thousand.

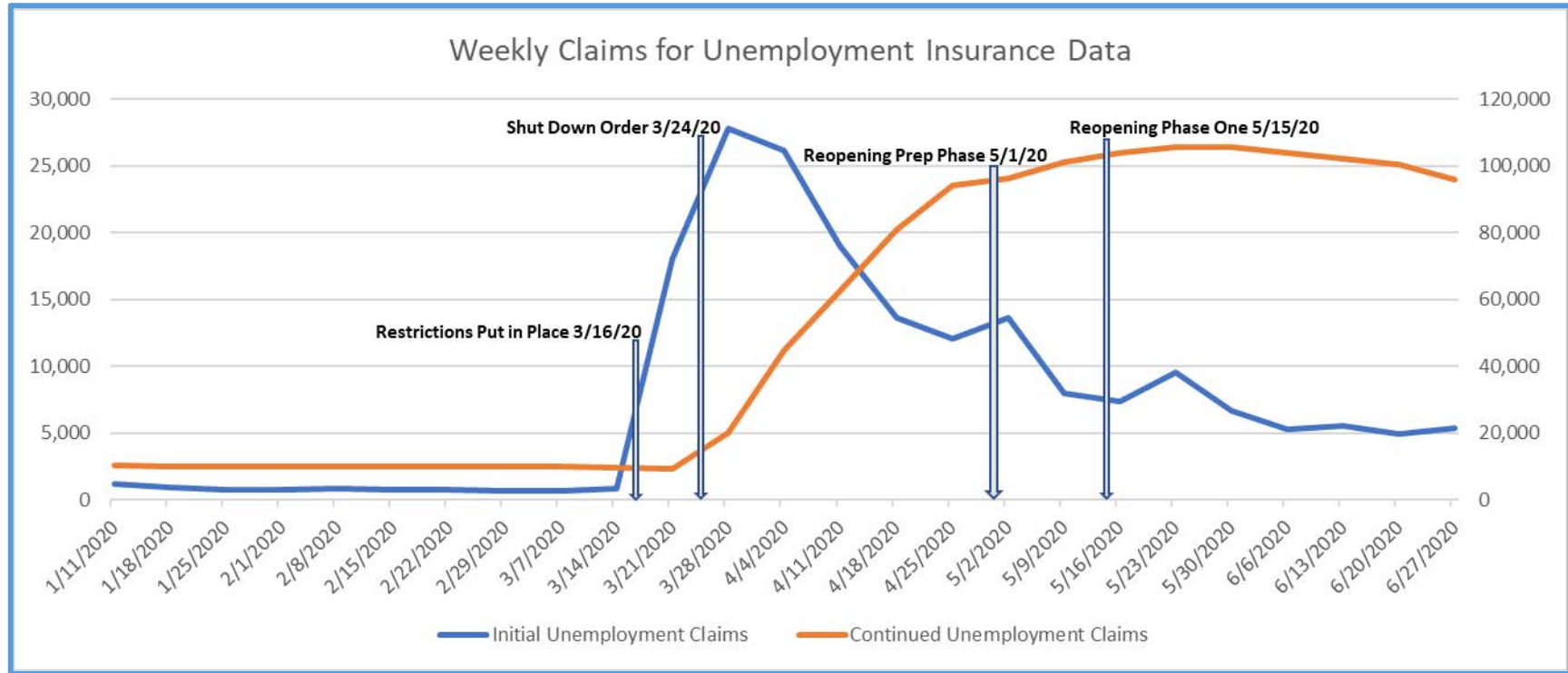
The last time it was this low was in August 2002 when the population had 240 thousand fewer people, or 11% smaller.



Sources: Bureau of Labor Statistics



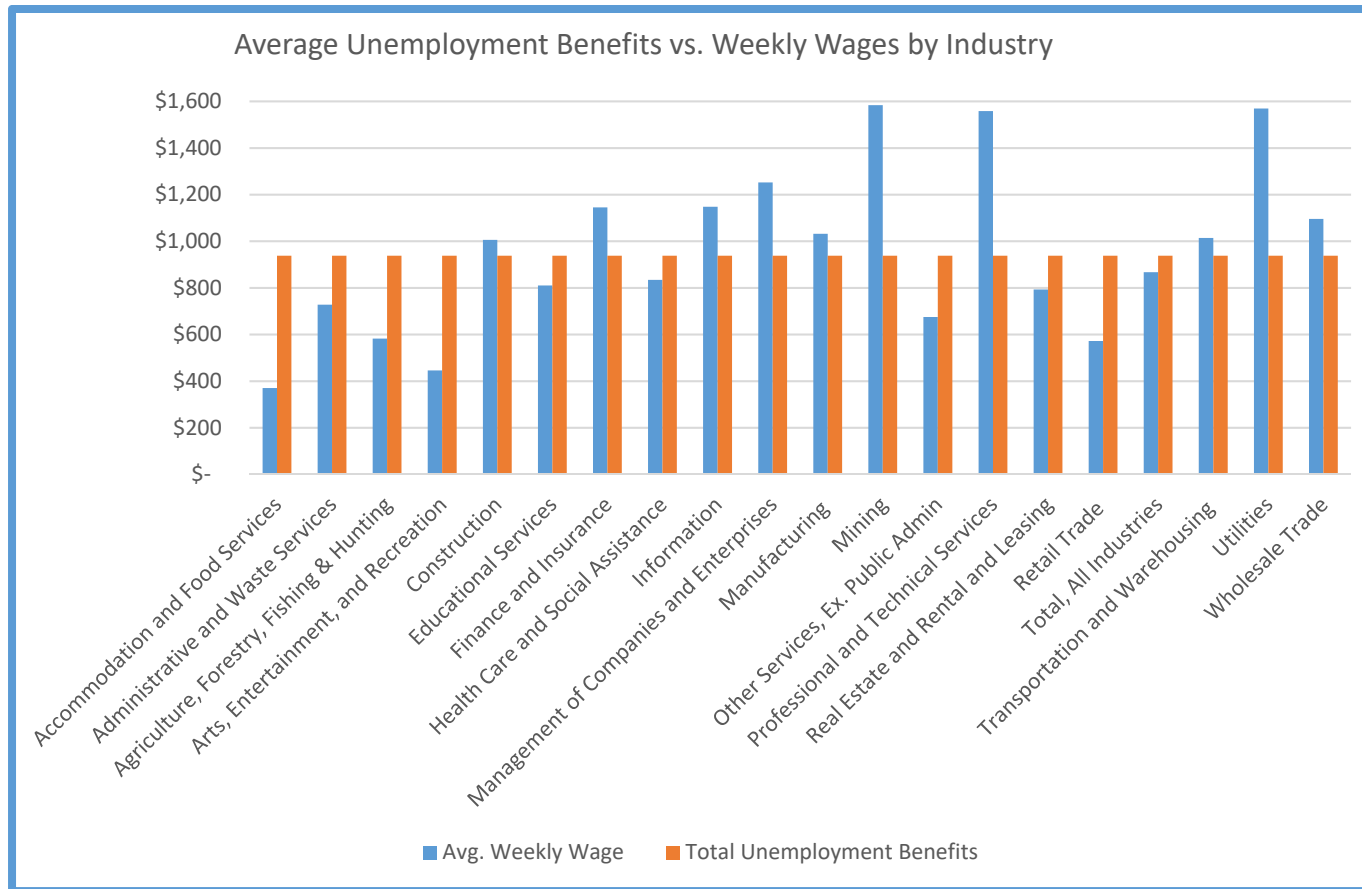
Unemployment Data



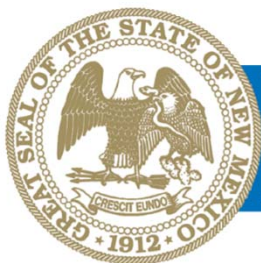
Source: NM Dept. of Workforce Solutions



Wage Data

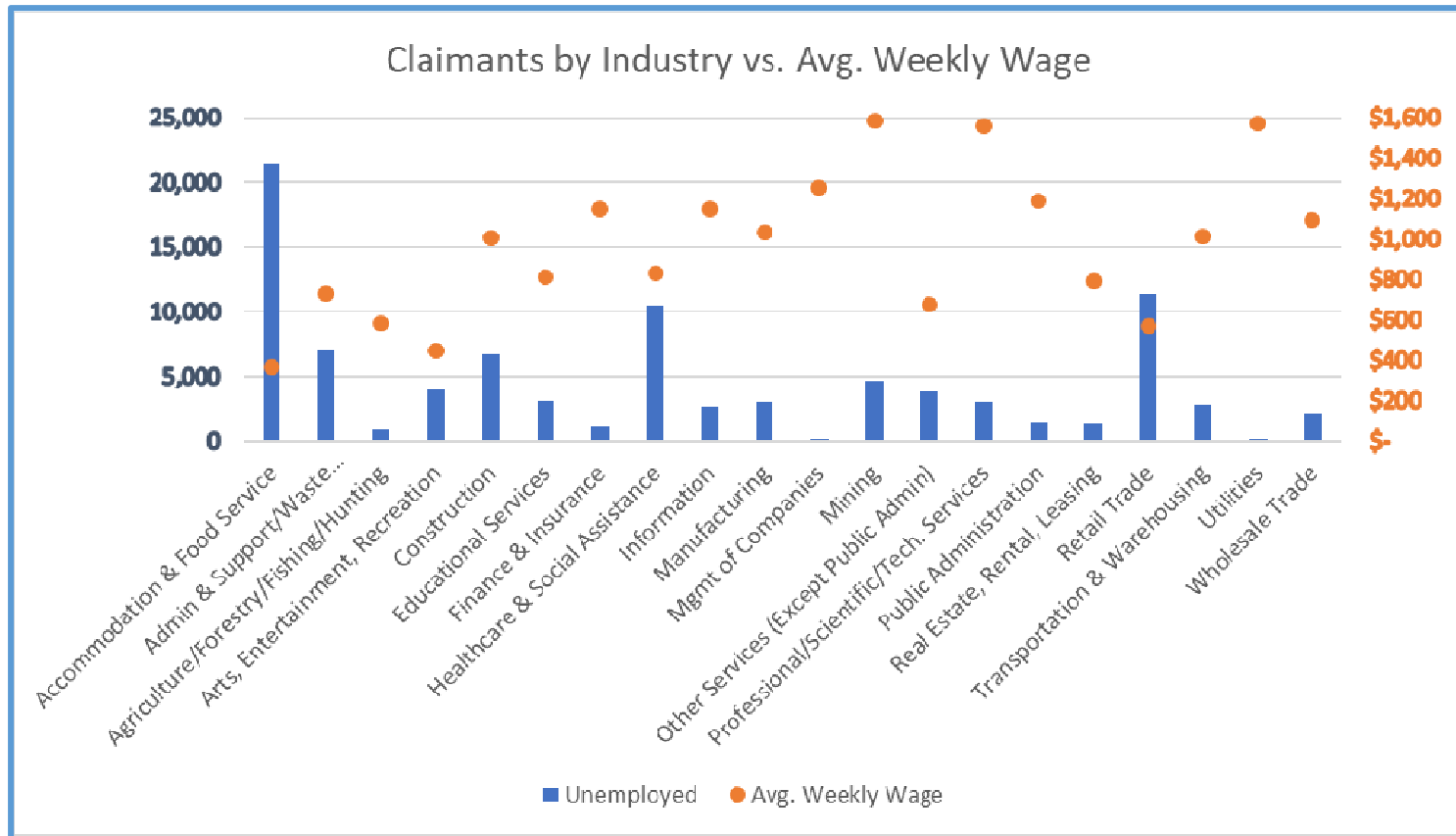


Source: Bureau of Labor Statistics



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Unemployment & Wage Data



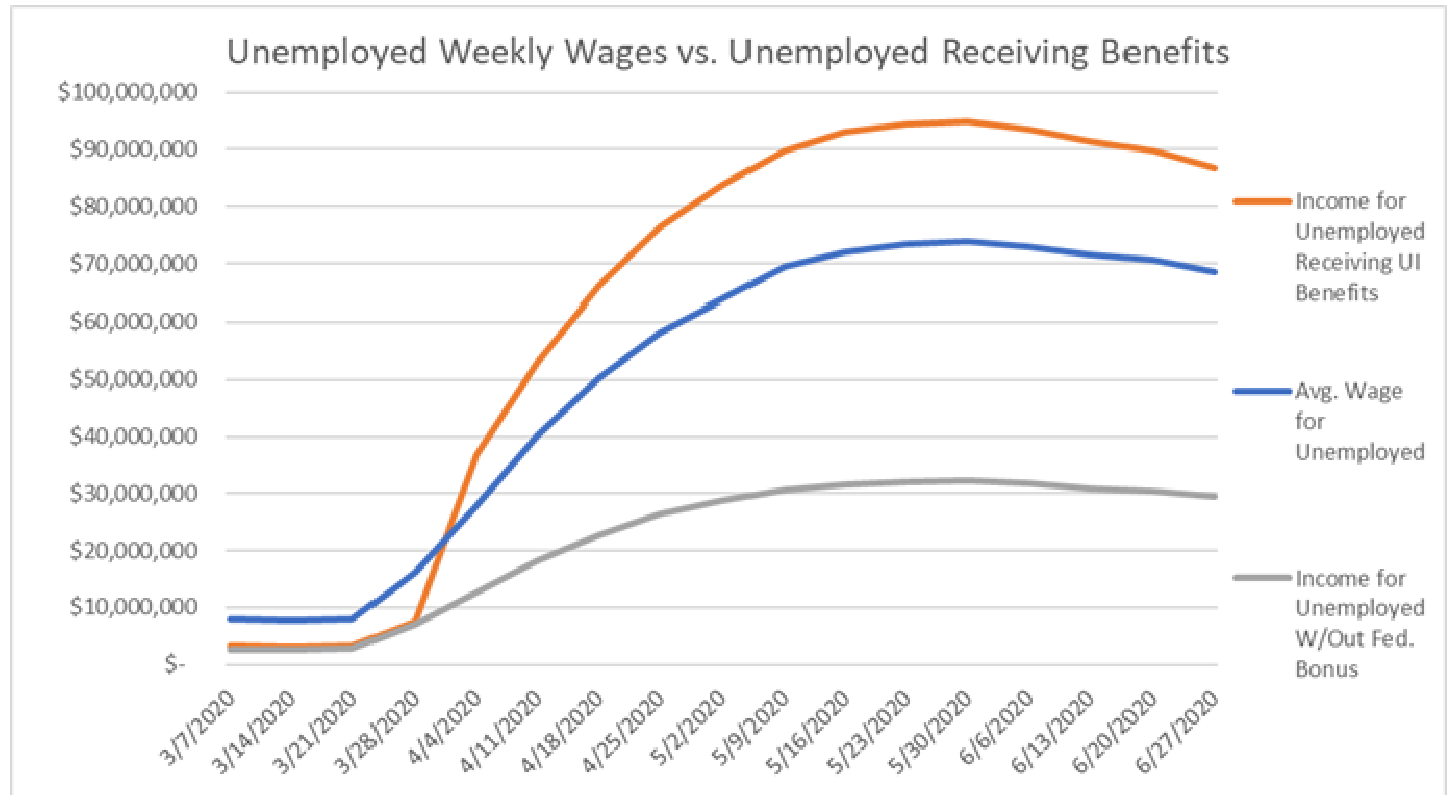
Sources: Bureau of Labor Statistics, NM Dept. of Workforce Solutions



Wages & Unemployment Benefits Outcomes

The average weekly incomes of individuals who recently became unemployed

- Total income (unemployment benefits & partial wages) for unemployed
- Wages received prior to becoming unemployed
- State benefits alone



Sources: Bureau of Labor Statistics, NM Dept. of Workforce Solutions, EDD Calculations



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Unemployed by Industry Sector

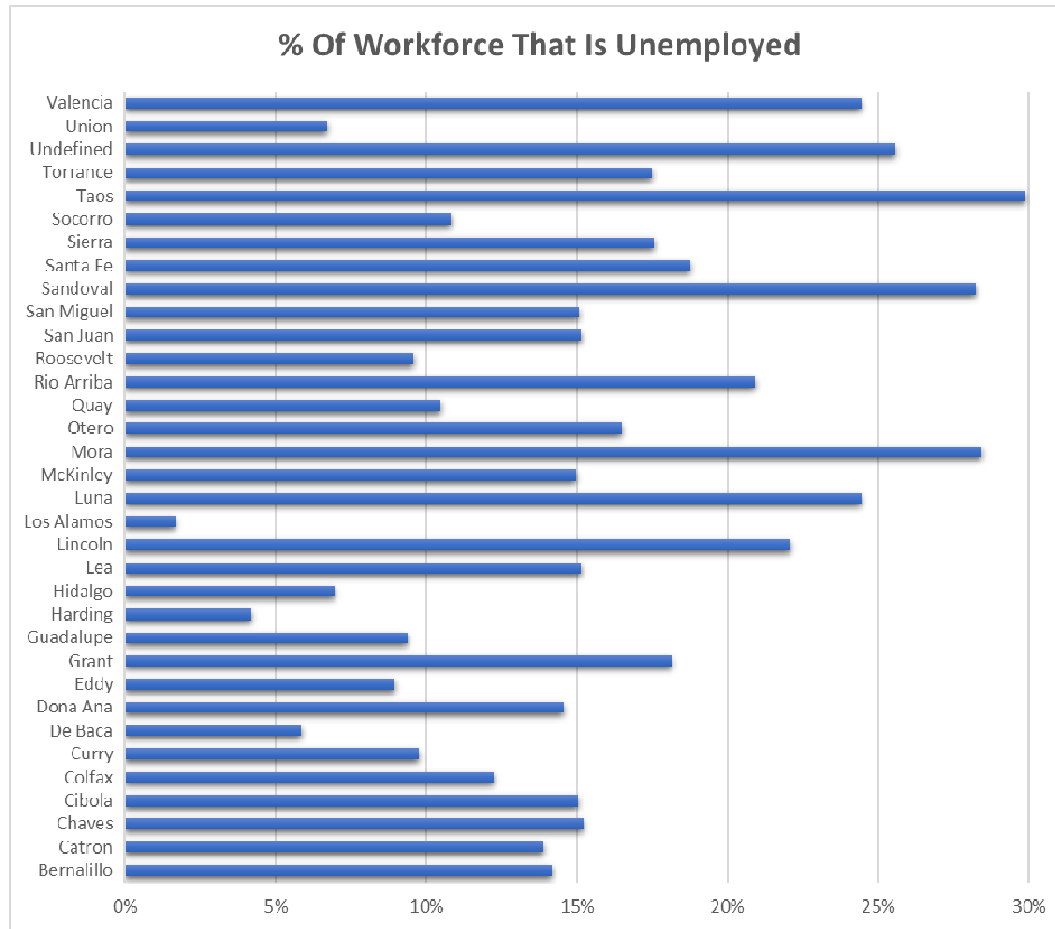
Industries	Percentage of Industry Receiving UI Benefits	Ratio of Employed to Individuals Receiving UI Benefits
Agriculture/Forestry/Fishing/Hunting	8%	12
Mining	18%	5
Utilities	2%	49
Construction	12%	8
Manufacturing	10%	10
Wholesale Trade	10%	10
Retail Trade	12%	8
Transportation & Warehousing	11%	9
Information	22%	4
Finance & Insurance	5%	22
Real Estate, Rental, Leasing	13%	8
Professional/Scientific/Tech. Services	5%	21
Mgmt of Companies	3%	33
Admin & Support/Waste Mgmt/Remedial Serv	15%	7
Educational Services	4%	25
Healthcare & Social Assistance	7%	14
Arts, Entertainment, Recreation	25%	4
Accommodation & Food Service	22%	4
Other Services (Except Public Admin)	18%	6
Public Administration	2%	41

- For every 9 New Mexicans employed, 1 is receiving unemployment benefits
- Some industries have been hit harder
 - Arts, Entertainment, Recreation
 - Accommodation & Food Service
 - Information

Sources: Bureau of Labor Statistics, NM Dept. of Workforce Solutions and EDD Calculations



Unemployed by County



- Each county and industry have been hit
- Los Alamos County has the lowest percentage, with 2% receiving benefits
- Taos County has the largest percentage of unemployed individuals, with 30% receiving benefits

Source: NM Dept. of Workforce Solutions



New Mexico Bankruptcies

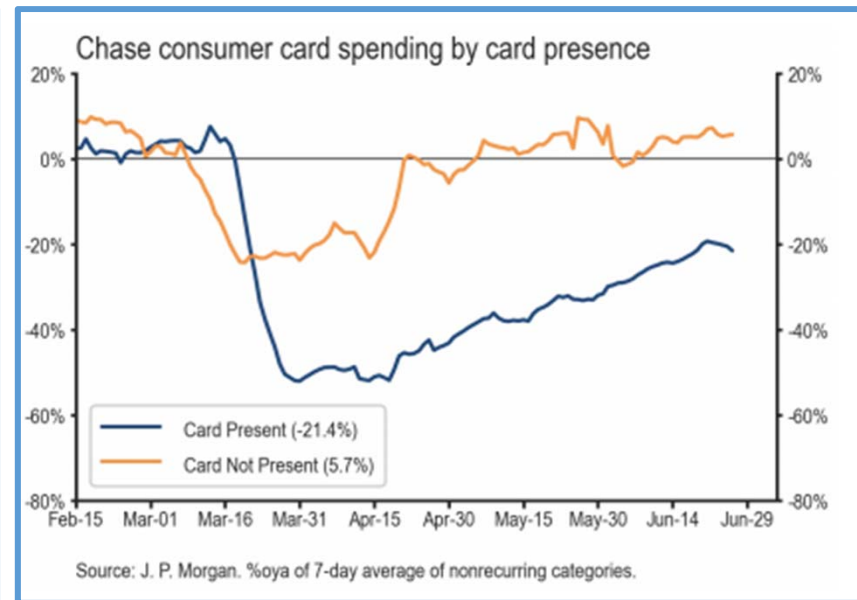
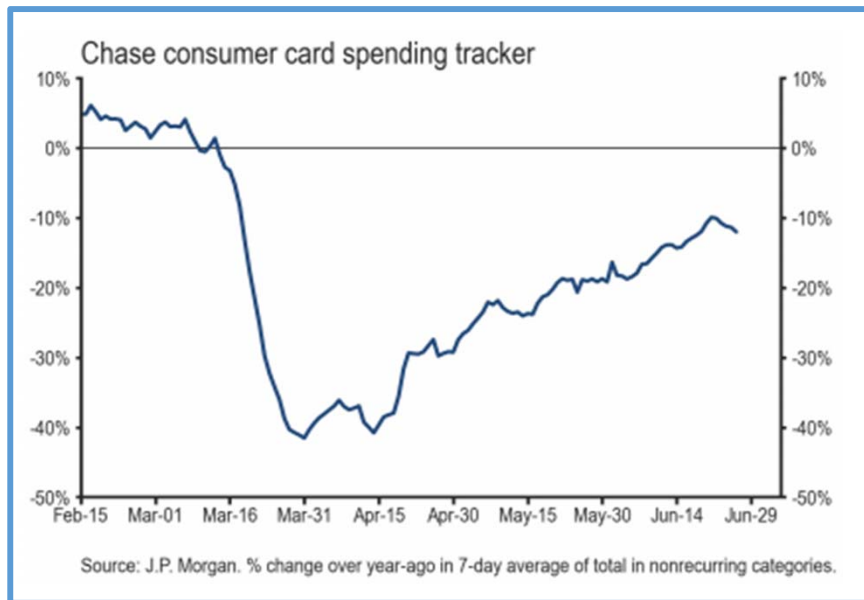
2020 New Mexico Business Bankruptcy Filings			
Business Name	Chapter	Date Filed	County Listed
Audio Excellence, Inc.	7	6/19/2020	Bernalillo
Total Oilfield Solutions, LLC	11	6/15/2020	Eddy
RSB Investments Group, LLC	11	6/11/2020	Luna
LVI Intermediate Holdings, Inc. (3 related companies)	11	5/29/2020	Delaware State
Santa Fe Salads and More LLC	7	5/27/2020	Santa Fe
Advantage Holdco, Inc. and affiliates	11	5/26/2020	Delaware State
The Hertz Corporation (11 affiliates in NM)	11	5/22/2020	Delaware State
Centric Brands Holding LLC (3 related companies)	11	5/18/2020	Southern District of New York
Comcar Industries, Inc. and affiliates	11	5/17/2020	Delaware State
J.C. Penney	11	5/15/2020	Southern District of Texas
Jack Key Motor Co., Inc.	7	5/13/2020	Bernalillo
J Dog, LLC	7	5/13/2020	Bernalillo
Prestige Hospitality Management (3 related companies)	11	4/29/2020	Curry
Quorum Health Corporation (10 legal affiliates)	11	4/7/2020	Luna, San Miguel, Dona Ana
Henry Valencia, Inc.	11	3/10/2020	Rio Arriba
Cleanspot, Inc.	7	3/9/2020	Bernalillo
Log Cabin, Inc., A New Mexico Corporation	11	2/6/2020	Lincoln
RSEV, LLC	7	1/10/2020	Bernalillo
Amazing Jumps, LLC, a NM Limited Liability Co.	7	1/4/2020	Sandoval

Sources: PACER, TRD, inforuptcy.com



Consumer Spending

- Chase consumer card spending for June shows a 12% decline from one year ago
- The tracker held steady over the prior week and is 29.5% above its low of -41.5% on March 31st
- Consumer spending has increased in recent months – from the low point at the end of March there has been a steady increase
 - Consumer spending *with the card not present* is up 5.7% while spending *with card present* is down 21.4%, showing a significant shift from spending in person to online

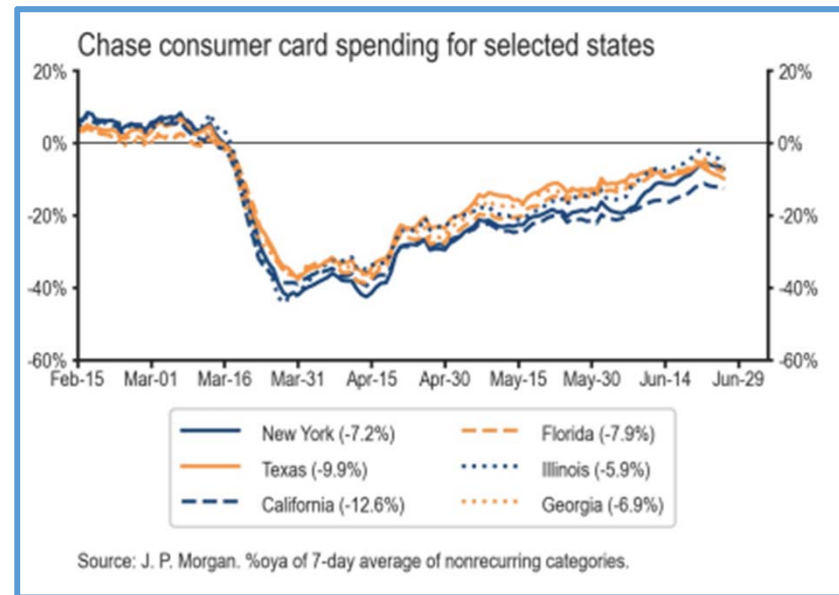
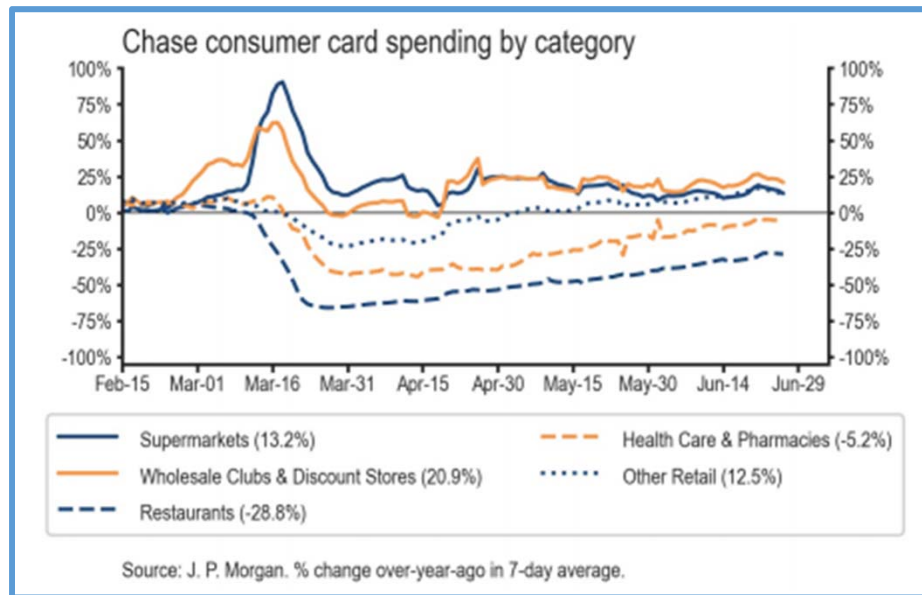


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Consumer Spending by Category

- Spending by category shows a major uptick in supermarkets and wholesale club and discount stores at the beginning of the pandemic
- The 7-day average is still tracking at a higher rate than a year ago for both categories, with “other retail” spending now trending higher than last year as well
- The hardest hit category for spending is restaurants
- Consumer card spending has varied little across multiple states with all following a similar trend that shows a steep decline in March followed by a steady increase



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

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

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

As of June 30th:

Paycheck Protection Program (PPP)
\$132 billion still available nationally
New Mexico:

- 21,924 PPP loans
- Totaling \$2.2 billion
- Round 1 average loan is \$172,000; round 2 average is \$67,600
- Extended until August 8th



Economic Injury Disaster Loan Program (EIDL)

New Mexico:

- EIDL loans to 9,650 N.M. businesses
- Totaling \$566 million
- Average loan is \$58,600



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 and Warehousing	3%	2%
Information	1%	1%
Finance and Insurance	3%	1%
Real Estate and Rental and Leasing	5%	2%
Professional, Scientific, and Technical Services	12%	9%
Management of Companies and Enterprises	0.1%	0%
Administrative	4%	4%
Educational Services	2%	2%
Health Care	11%	15%
Arts, Entertainment and Recreation	3%	2%
Accommodation and Food Services	9%	10%
Other	12%	5%
Public Admin	0.3%	0.4%
Unclassified	1%	0.3%
Blank	2%	0.3%

Average loan amount for companies that received \$150k plus from the SBA

Loan Amount	%
\$5-10 million	1%
\$2-5 million	3%
\$1-2 million	7%
\$350,000-1 million	28%
\$150,000-350,000	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



Monitoring Our Progress

County Economic Summaries

- Taxable gross receipts 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: August 2020**

Accessible from our home page:

www.GoNM.biz →



Diversification

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 (JTIP)

Since January 2019, the JTIP Board awarded money to 117 businesses to train **3,185 workers** and create 2,760 new jobs: **1,195 rural jobs (43%)** & 1,565 urban jobs in communities across the state:

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

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



LEDA

- \$32 million in remaining LEDA funding available
- \$28.5 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, Roswell, Santa Teresa, Truth or Consequences, Cimarron, Las Vegas, Las Cruces, Alamogordo, Rio Rancho, Los Alamos, Clovis, and Santa Fe
- Industry sectors include aerospace and aviation, security, energy, biosciences, gaming, advanced manufacturing and value-added agriculture

Industry	Pending Projects	Jobs	Avg Salary	CapX
Aviation	2	1,900	\$68K	\$115M
Film	2	3,500	\$65K	\$300M
Manufacturing	2	300	\$97K	\$5M
Office	1	350	\$46K	\$15M
R&D	1	100	\$140K	\$50M
Broadband	1	150	\$70K	\$100M



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The Path Forward

- 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
- More important than ever to BUY LOCAL
- Adhere to COVID Safe Practices