

EDD

ECONOMIC DEVELOPMENT DEPARTMENT

FY24 Budget Request & UPDATE ON LEGISLATIVE PRIORITIES & INTERNATIONAL TRADE

Presented to the Economic Development & Policy Committee
November 29, 2022

Alicia J. Keyes, Cabinet Secretary
Jon Clark, Deputy Secretary

www.EDD.NewMexico.gov

A two-story adobe house with a covered porch. The house has a light-colored stucco finish and several windows with dark wood frames. A decorative geometric pattern is visible on the wall to the right of the porch. The house is set against a clear blue sky.

OUR MISSION:

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

OUR PHILOSOPHY

- Invest in disruptive research and innovative companies
- Train New Mexicans for 21st Century jobs
- Plan for the next 20 years: targeted growth and economic diversity
- Devote special attention to underserved areas

Investing in Economic Diversification



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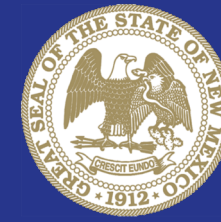
- FY22 was our best job creation year – 5,263 jobs!
 - This followed our previous best year in FY21 of 5,012 jobs
- We are using our appropriated budget
- We are using our authorized FTEs

EDD Needs:

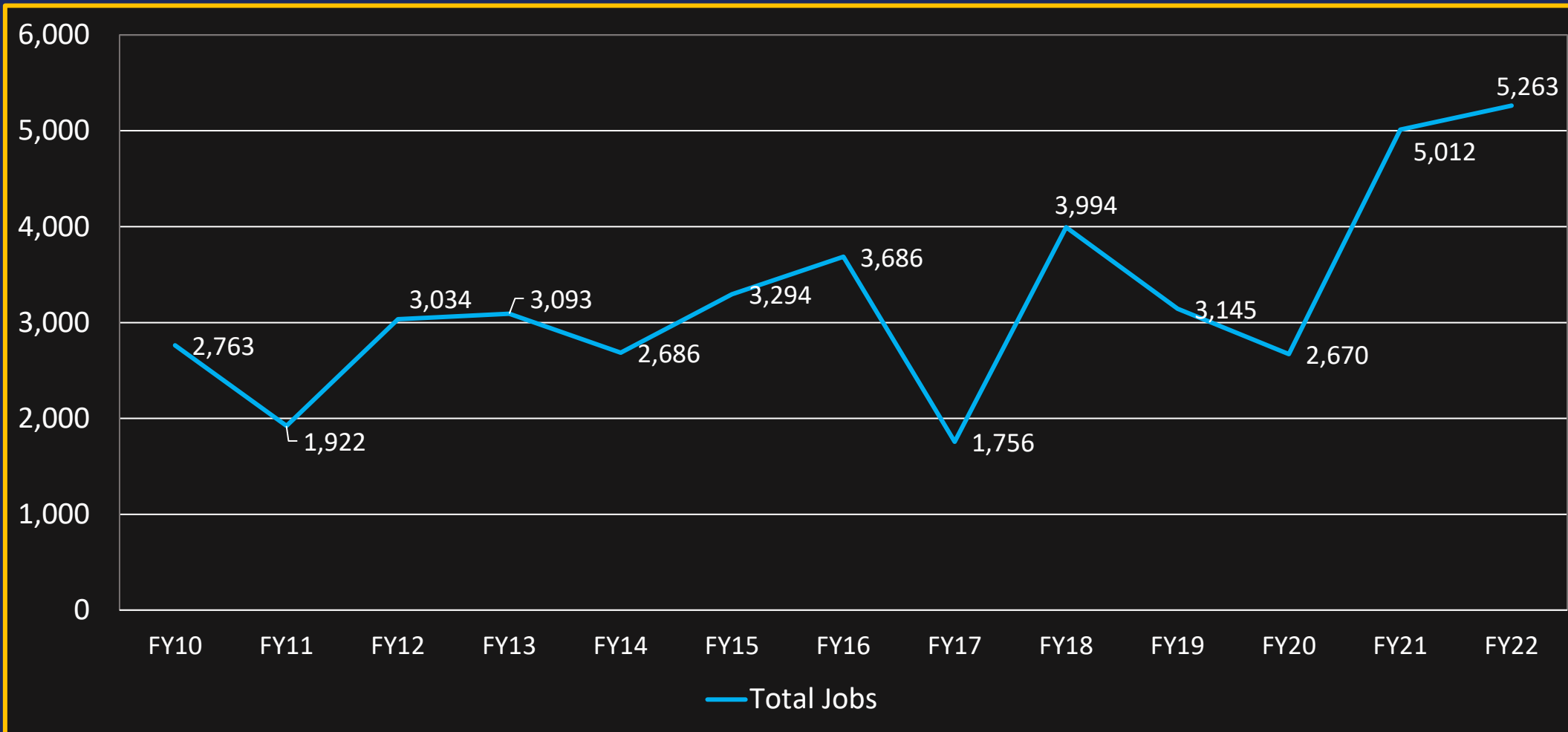
- 1 FTE to manage our federal grant programs
- \$3 million for targeted marketing campaign
- \$480 thousand for the Certified EDO program
- An increase of \$1M in JTIP recurring funding
- \$3 million for Media Academy & \$2 million for FCAP

Total Job Creation by Fiscal Year

2010 - 2022



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FY21 & FY22 job creation was the highest in well over a decade!

Economic Development Department



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FY21	FY22	FY23	\$ Change FY21 to FY23	FY24 Request	\$ Increase	% Increase
\$13,802.4	\$14,281.4	\$17,545.2	\$3,742.8	\$27,122.7	\$9,577.5	54.6%

INCREASES TO BASE BUDGET:

- \$3 million to contract for operations of the Next Generation Media Academy
- \$3 million for national and international marketing to attract businesses to the state
- \$2 million to double the Film Crew Advancement Program, providing training for an additional 400 jobs
- \$1 million increase to JTIP's recurring budget to decrease reliance on one-time appropriations
 - Paired with the below one-time request, this will maintain JTIP's annual total of \$12 million
- \$480 thousand to the newly created Certified Economic Development Organization (EDO) program
 - Established in FY23 with one-time funds to make grants to EDOs, strengthening local economic development programs
- \$97,500 to hire a grants manager to monitor and report on an unprecedented 11 federal grants

SPECIAL APPROPRIATION REQUESTS:

- \$35 million to LEDA
- \$5 million to JTIP
- \$5 million for business incubators



Successes & Needs for Each Division

Economic recovery is statewide and has momentum.



Economic Development Division

2nd record-setting year:

- 5,263 jobs
- 88 companies supported by EDD
- Average salary of \$61,347
- Average wages in excess of cost per job for LEDA of \$55,690

ED Division Budget Request

- ❖ **\$1 million** request to increase JTIP recurring funding from \$6 million to \$7 million
 - ❖ Despite the challenges New Mexico businesses have faced due to the COVID-19 pandemic over the past three years, JTIP has seen no reduction in funding requests from expanding companies
 - ❖ Demand continues to grow and in FY22, JTIP had a record year in both the number of participating companies (80), and the number of training projects (110)
- ❖ **\$480 thousand** request for the certified EDO program
 - ❖ Increase the professionalization of our local economic development organizations (EDOs)

The background is a promotional poster for Stranger Things Season 2. It features a collage of characters from the show, including Eleven, Max, Will, and the main cast members. The title 'STRANGER THINGS' is written in a large, stylized font. The Netflix logo is in the bottom right corner. The overall color scheme is dark with red and blue tones.

Film Division

2nd record-setting year:

- \$855M in production spend
- 668,707 worker days
- Total wages to New Mexicans = \$157M
- Average salary of \$61,069

VOL 1 MAY 27
VOL 2 JULY 1

NETFLIX

Film Division Budget Request



❖ \$3 million request for operations of the New Mexico Media Academy

- ❖ Will be the epicenter for film/television and digital media training in New Mexico with a main hub in Albuquerque and a satellite campus in Las Cruces
- ❖ A recurring \$3 million will ensure the NMMA builds and sustains growth, attracts the best faculty, and invests in the best teaching materials and technologies

❖ \$2 million request to double the Film Crew Advancement Program (FCAP)

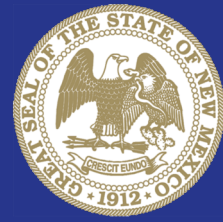
- ❖ Would provide training for an additional 400 jobs
- ❖ FCAP provides high-wage job opportunities, cultivates an advanced and seasoned crew base, and increases retention and continual employment in the film and television industry

An aerial photograph of a military aircraft, possibly a B-2 Spirit, flying over a landscape with a complex pattern of green and brown fields. The aircraft is seen from a high angle, with its wings and tail clearly visible. Several missiles are mounted under the wings. The image is dark and has a grainy, artistic quality.

Program Support Division

Office of the Secretary Administrative Services (supports):

- Border Authority
- Spaceport Authority
- Office of Military Base Planning
& Support



Program Support Budget Request

- ❖ **\$97.5K & 1 FTE** request to hire a federal programs manager
 - Four years ago, we had one federal grant – now 11 grants, some lasting up to 10 years, and our staff is overwhelmed



- ❖ **\$3 million** request for national and international marketing
 - ❖ Targeting key international markets in addition to US markets
 - ❖ Targeting women-led businesses and women in high tech industries that are looking to relocate to states with high levels of women in leadership positions and high tech



Outdoor Recreation Division

- **\$1.9 billion** to state GDP in 2021
- **25,000+ jobs** with \$1 billion in income in 2021
- 2022 Outdoor Equity Fund grants reached **46 organizations & 12,391 kids**
- **29** paid high school outdoor recreation internships with 9 employers

ORD Budget Request

- ❖ Requesting a **flat budget** for FY24
 - ❖ **\$7M in federal funding** has supported 35 TRAILS+ grants thus far



- ❖ Will likely request 1 additional FTE and marketing funding for FY25

Global Trade

One of nine target industries

STRENGTHS	WEAKNESSES
Superior road & rail infrastructure	Lack of international marketing
Proximity to west coast & midwestern markets	Replicate successful efforts w/Taiwan
Border with Mexico	Invest more to spur growth
OPPORTUNITIES	THREATS
Santa Teresa Hub	Tariffs on imports & NAFTA uncertainty
Upgrade rural infrastructure to increase ag exports	NM exports concentrated in only 2 countries
Broadband is a necessity for industry growth	Trade disruptions w/Mexico or China



New Mexico has a unique moment at this time in history to market to Asia and gain interest from companies interested in diversifying their portfolio to the United States.

STEP Grant

State Trade Expansion Program



US Small Business Administration initiative that provides matching grants to assist eligible small businesses export their products.

Eligible activities include:

- Participation in a foreign trade show or foreign trade mission
- Global website optimization
- International business matchmaking
- International market research
- Foreign product registration

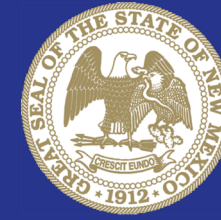
■ \$250,000

- Grants up to \$7,500
- Companies must be registered in New Mexico
- Must have fewer than 500 employees
- Operational for at least one year
- Product or service must have at least 51% US content



Two sales missions are planned for Hannover, Germany and Asia.

Taiwan Office



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- Taiwan trade office actively recruiting FDI from Taiwan, Mexico, Germany, Japan, the United Kingdom, and Canada
 - 5 active leads and 2 projects in the final phase of site selection, from Asia and Europe, which should close this fiscal year
- Successful sales mission to Germany and Spain, good relationships established with German and Spanish companies seeking to locate and invest in New Mexico



**MOU with the Taiwan Ministry
of Economic Affairs**

Santa Teresa POE Annual Truck Border Crossings 1996-2021



Office of the Governor
MICHELLE LUJAN GRISHAM



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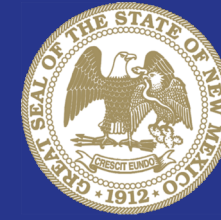
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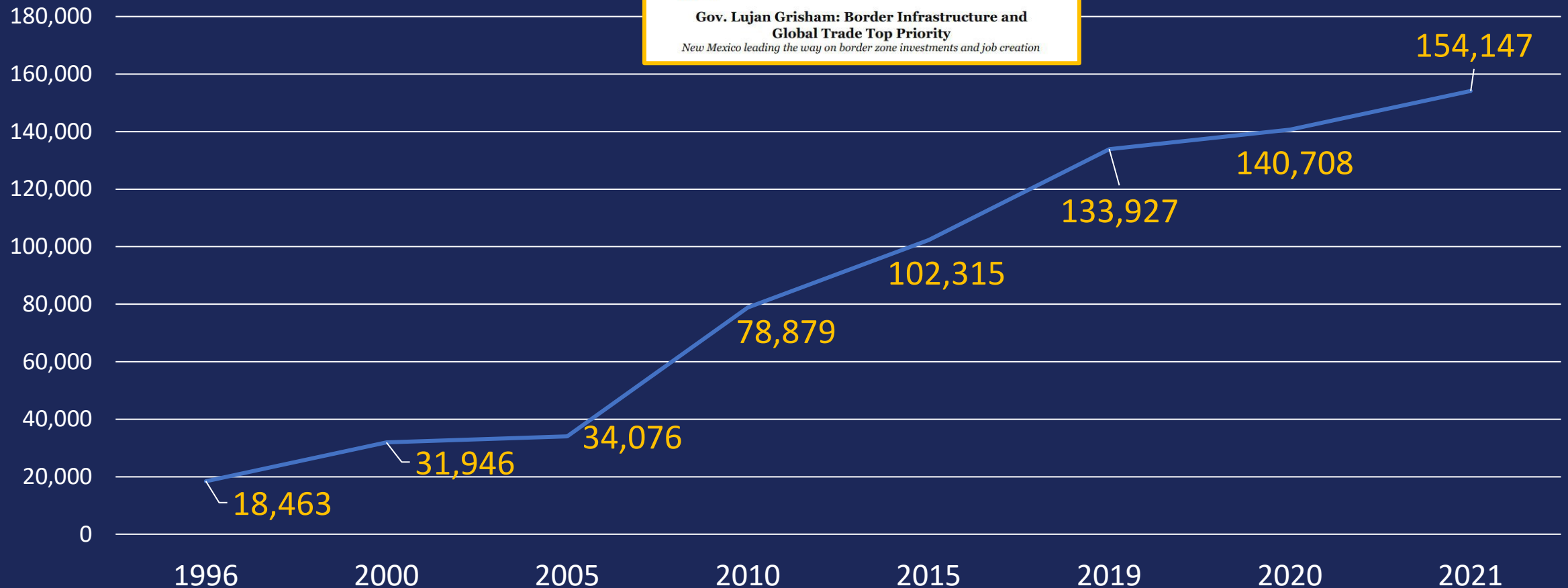
FOR IMMEDIATE RELEASE:
May 13, 2022

**Gov. Lujan Grisham: Border Infrastructure and
Global Trade Top Priority**

New Mexico leading the way on border zone investments and job creation

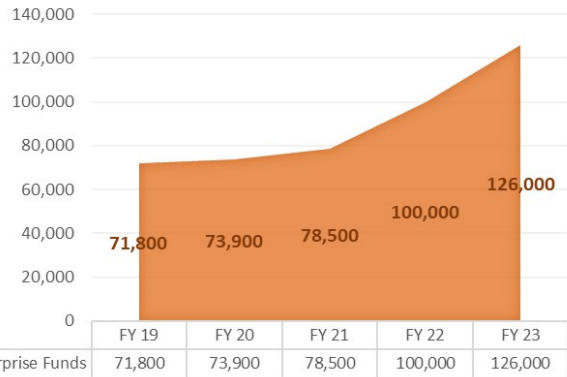


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Source: United States Department of Transportation, Bureau of Transportation Statistics

STPOE Revenue is up 75%



Texas has new regulations pushing more traffic to Santa Teresa POE

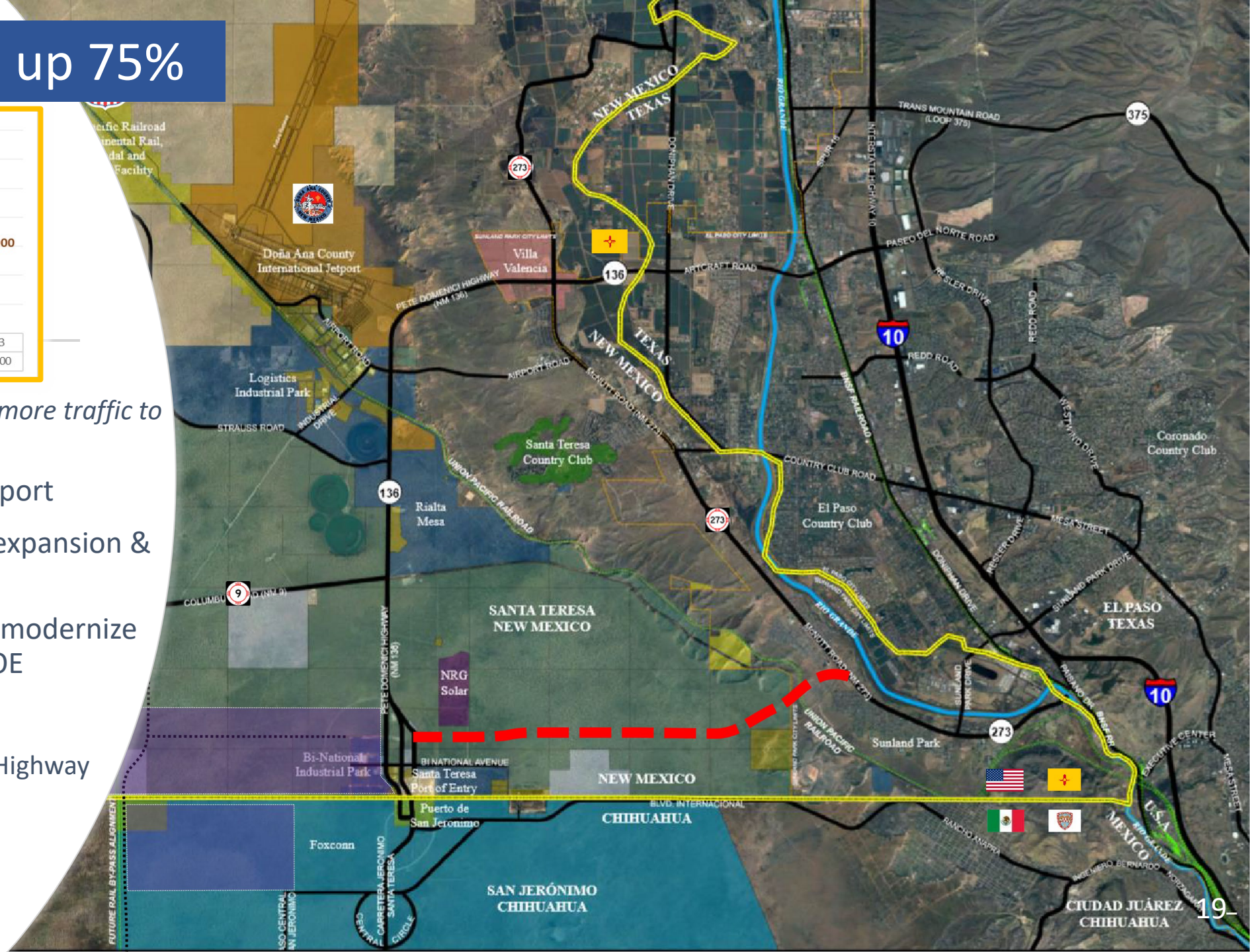
Study underway to expand the port

Federal request for \$170M for expansion & permit for a rail bypass

Mexico has pledged funding to modernize the San Jeronimo side of the POE

State Investments -

- ❖ St. Francis extension or Border Highway Connector, \$50M
- ❖ Doña Ana Jet Port, \$20M
- ❖ Water infrastructure, \$8M





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