

**MINUTES
of the
SECOND MEETING
of the
JOBS COUNCIL**

**July 1, 2016
Jemez Rooms
Santa Fe Community College
Santa Fe**

The second meeting of the Jobs Council (council) was called to order by Representative Don L. Tripp, co-chair, on July 1, 2016 at 9:09 a.m. at the Santa Fe Community College (SFCC) in Santa Fe.

Present

Sen. Mary Kay Papen, Co-Chair
Rep. Don L. Tripp, Co-Chair
Vicente Alvarado
Terri Cole
Jason Espinoza
William F. Fulginiti
Justin Greene
Sen. Stuart Ingle
Steven Kopelman
Rep. Tim D. Lewis
Rep. Sarah Maestas Barnes
Sherman McCorkle
Sen. George K. Munoz
Sen. Michael Padilla
Alex O. Romero
Sen. Pat Woods

Absent

Dale Armstrong
Scott Bannister
Terry Brunner
Rep. Roberto "Bobby" J. Gonzales
Rep. W. Ken Martinez
Sen. John C. Ryan
Sen. Michael S. Sanchez
Sen. Mimi Stewart
Eric Witt

Advisory Members

Rep. David E. Adkins
Rep. Alonzo Baldonado
Sen. Carlos R. Cisneros
Rep. Kelly K. Fajardo
Rep. Bealquin Bill Gomez
Rep. Larry A. Larrañaga
Rep. Bill McCamley
Sen. Howie C. Morales
Rep. Debbie A. Rodella
Rep. Monica Youngblood

Rep. Cathrynn N. Brown
Sen. William F. Burt
Rep. Stephanie Garcia Richard
Rep. Yvette Herrell
Rep. Conrad James
Sen. Steven P. Neville
Rep. Patricia Roybal Caballero
Sen. William P. Soules

Guest Members

Jon Barela, Secretary, Economic Development Department (EDD)
Rebecca Latham, Secretary, Tourism Department

Staff

Tessa Ryan, Staff Attorney, Legislative Council Service (LCS)
Monica Ewing, Staff Attorney, LCS

Guests

The guest list is in the meeting file.

Handouts

Handouts and other written testimony are in the meeting file.

Friday, July 1

Welcome

Randy Grissom, president, SFCC, welcomed the group to the campus. He said that the school focuses on workforce development and encourages graduates' efforts to start their own businesses. He noted that employment opportunities in health care are abundant and that the SFCC recently received a federal grant to help the college align its curriculum with health care employers' needs. The college's business incubator is currently assisting six developing businesses, some of which are employing students. He highlighted the work of one business that is working on sequencing the DNA of naturally sourced drugs, which could eventually help reduce production times for those drugs.

Overview of Jobs Council and Meeting Agenda

Mark Lautman, lead program consultant to the council, said that the council's next three meetings would be deliberative sessions in which the group would re-calibrate the job-creation estimates developed by the council in previous interims for each county in the state. During those three sessions, the council and other participants would refine estimates of projected population, work-eligible population, economic-base jobs needed, economic-base jobs that can be created and factors of production that could affect the creation of jobs. He said that the council would consider whether the necessary planning and leadership are under way in each county to ensure that jobs that can be created will be created.

Mr. Lautman said that, because conditions in the agricultural, oil and gas and manufacturing sectors have changed over the past year, the council's job-creation estimates related to those sectors, and others, would need revision.

He explained that the meeting focus would be on revision of the North Central and Eastern Plains councils of governments (COG) districts' estimates. In preparation for the meeting, Mr. Lautman and others met to discuss the estimates in the two districts. That process

would be repeated before the council's August meeting — at which the Southeastern, South Central and Southwestern COG districts' estimates would be reconsidered — and before the September meeting — at which the Northwestern and Mid-Region COG estimates will be considered. He said it would be ideal to have representatives from each county participating in the discussions.

D Mr. Lautman said that the job-creation estimates and data developed during the council's past meetings have been uploaded to a publicly accessible online database. The council's consultants are also working to develop a tool that will allow a policymaker, economic development professional or other interested person to examine 10 to 20 factors to help identify the types and scope of economic development and job-creation programs needed to facilitate the creation of jobs in each employment sector.

R Over the previous three years, the council has focused on returning the state to pre-recession employment levels through the creation of economic-base jobs, which are jobs that involve the purchase of goods or services by consumers outside New Mexico. Mr. Lautman said that if the economic base of the state grows faster than the state's population, the state's economy will grow. He added that not all of a community's economic development work is focused on the economic base, but the council chose to focus on the economic base in an effort to help the state's workers recover from the recession.

A Factors that influence the state's ability to create jobs include the fast rate at which baby boomers are leaving the market and the mismatch between workers' skills and the skills sought by employers. In addition, advances in technology are eliminating certain jobs. As a result, economic development is more difficult than it was in the past, and there is increasing pressure on job-creation programs.

Approval of Minutes and Expenses

The minutes from the council's first meeting and the council's subcommittee expenses were approved without objection.

Update from the EDD

F Jon Barela, secretary of economic development, expressed his appreciation for the council's bipartisan efforts. He credited the council and other professionals for the recent creation of 900 jobs with Safelite Autoglass in Rio Rancho. He noted that Safelite cited the state's tax-friendly business environment and economic development programs as reasons for the company's choice to locate in Rio Rancho rather than Texas. Secretary Barela announced that the last three economic development projects recruited by the state were projects for which New Mexico competed with Texas.

T Secretary Barela said that, in 2015, New Mexico was ranked as one of the two states with the most improved business climate in the country, and April 2016 brought Albuquerque's best month for job growth since 2007. He said that many employers interested in doing business in

New Mexico inquire about worker-training programs, so the state's Job Training Incentive Program (JTIP) is one of department's most important recruitment tools. In fiscal year (FY) 2015, the program exceeded all of its metrics, and in FY 2016, the program exceeded its previous year's metrics. For this reason, the department will request that \$10 million be appropriated for the program in the next legislative session.

D The state's Local Economic Development Act (LEDA) funding for certain economic development projects is another essential recruitment tool for the EDD, Secretary Barela said. He added that: \$2 million in LEDA funding was used to secure the Safelight deal; having money available for LEDA-qualified projects makes New Mexico more competitive with states like Texas, whose state- and local-level closing funds have fewer spending restrictions; and almost half of the projects funded through the LEDA in fiscal years 2015 and 2016 were in rural areas.

R Secretary Barela went on to say that the EDD's MainStreet Program has been nationally recognized. He believes that the program — which focuses on preservation of historic areas and communities — is one of the department's most successful programs; it exceeded all of its metrics in FY 2015. The program supported 248 private building renovations and 548 net new jobs and leveraged over \$20 million in private reinvestment in communities. The program helps draw economic activity to rural areas, which benefits every employment sector. He promoted continued investment in the program.

A Secretary Barela highlighted the EDD's Office of Science and Technology and emphasized the importance of marketing the state's research capacity and developing technologies to create jobs. The state received a \$1.4 million federal grant to help communities adjust to shifts in federal defense spending.

F The Film Office, Secretary Barela said, is one of the strongest film programs in the country. The office far exceeded its FY 2016 targets. It supported 260,000 worker days and 63 projects and created \$387.2 million in direct spending in the state. The office has expanded to include digital media projects.

T Secretary Barela said that, five years ago, trade between New Hampshire and Mexico exceeded trade between New Mexico and Mexico. Jobs that were moved offshore to other countries are beginning to return to Mexico, and the state is part of a binational effort to improve economic development in the region. Master planning efforts are under way to create jobs on both sides of the New Mexico-Mexico border, and 16,000 jobs in New Mexico are supported by these bipartisan efforts. He underscored the importance of positive trade relations with Mexico and said that the EDD is committed to creating a successful relationship with that nation. He noted the success of economic activity in the borderplex region and the importance of the extension of the overweight cargo zone enacted by law in 2015.

Secretary Barela noted that, during the 2017 legislative session, the EDD would pursue many initiatives and continue to work with the council as it develops its initiatives. Specifically,

the department will seek: \$10 million in funding for the JTIP; continued funding for the LEDA; increased funding for the New Mexico Partnership; increased department funding; continued support for rural development initiatives; \$1.25 million for MainStreet; and state designation for enterprise zones.

D Secretary Barela said that the department has already committed \$35 million to LEDA projects and in the form of offers to companies considering New Mexico as a place to do business. He noted that the New Mexico Partnership needs more funding for its marketing efforts.

In response to a question of whether the department has a list of rural communities in which LEDA projects have been completed, Secretary Barela said that that information is available on the department's website.

In response to a member's comment about workforce training, Secretary Barela expressed appreciation for the passage of legislation to create the Rapid Workforce Development Fund and said that appropriation of money for that purpose could help companies, such as Safelite, that need Spanish-speaking employees.

Review of Compiled North Central and Eastern Plains Regions' Jobs Data; Overview of Roundtable Deliberations

Mr. Lautman presented notes from meetings held in preparation for the council's meeting to discuss potential revisions to the job-creation estimates and other data for the Eastern Plains and North Central regions. He recalled that participants from those regions were asked to assess population growth and other factors related to the creation of economic-base jobs, and the estimates developed by those participants would be the subject of the group's consideration and possible revision.

Roundtable Deliberations — Job-Creation Projections by Sector and County *Eastern Plains Region* Curry County

The group considered previous estimates for the county, discussed the creation of solo-worker support programs and support for start-up companies through small business development centers and revised the county's estimates as follows:

- increased the number of potential jobs created by start-up companies from 15 to 150; and
- increased the number of potential solo-worker jobs from five to 250.

A participant asked how retirees factor into the council's job-creation estimates. Mr. Lautman responded that a retiree whose income is at 200% or more of the federal poverty level would be counted as an economic-base worker if a community develops a retiree community and recruits retirees from out of state to that community. A member suggested that changes to tax

laws could encourage retirees to relocate to New Mexico. Mr. Lautman responded that the value of any tax breaks for retirees should be balanced against the degree of retiree spending in the community.

Union County

The group considered previous estimates for the county's unemployment numbers. Mr. Lautman said that the council's goal was not to develop a job-creation estimate for residents who are not qualified, not willing or not able to work. The group revised the county's estimates as follows:

- increased the number of potential jobs created in the visitor-driven sector from 25 to 50;
- increased the number of potential solo-worker jobs from 10 to 30;
- increased the number of potential jobs created by start-up companies from zero to 20;
- increased the number of jobs created by retirees locating to the county to 30; and
- revised the county's unemployment rate to 3%.

Mr. Lautman noted that factor-of-production gaps could prevent the creation of jobs and that an understanding of the number of jobs at stake in connection with a particular factor of production could help guide policy changes. Factor-of-production gap solutions considered by the council are those tied to the creation of economic-base jobs.

A member suggested that work on JTIP, LEDA and right-to-work policies could help with job creation. Mr. Lautman noted that during the council's upcoming meetings, participants would identify precise legislative solutions to overcome factor-of-production gaps.

Harding County

The group considered previous estimates for the county and revised the county's estimates as follows:

- reduced the workforce participation rate from 45% to 35%;
- increased the economic-base job rate from 45% to 75%; and
- increased the number of jobs created by retirees locating to the county to five.

Quay County

The group considered previous estimates for the county and the fact that the county's population would likely decrease over the next 10 years as it has over the past three years. The group revised the county's estimates as follows:

- reduced the estimated population from 12,000 to 9,000;
- increased the number of potential jobs created by start-up companies from three to 125;
- increased the number of jobs created by retirees locating to the county to 50; and

- revised the county's unemployment rate to 3%.

The group discussed new manufacturing start-up companies in the county that would likely create economic-base jobs.

Guadalupe County

The group considered previous estimates for the county and discussed the fact that the visitor-driven industry in the county has resulted in the creation of 100 new jobs, many of which are economic-base jobs. The group revised the county's estimates as follows:

- reduced the estimated population from 5,200 to 4,600;
- increased the economic-base job rate from 40% to 50%;
- increased the number of potential federal government sector jobs from zero to five;
- increased the number of potential jobs created in the visitor-driven sector from five to 100; and
- increased the number of jobs created by retirees locating to the county to five.

DeBaca County

The group considered previous estimates for the county and the influence of the work of the area's small business development council. The group revised the county's estimates as follows:

- increased the economic-base job rate from 40% to 50%;
- increased the number of potential jobs created by start-up companies from zero to 10; and
- increased the number of jobs created by retirees locating to the county to 20.

Roosevelt County

The group considered previous estimates for the county and discussed the fact that some growth is likely following the resolution of certain issues in agricultural and natural resources. The group revised the county's estimates as follows:

- reduced the workforce participation rate from 48% to 40%;
- increased the economic-base job rate from 45% to 55%; and
- increased the number of potential jobs created in the energy and extractives industries from 20 to 40.

During the council's lunch break, Ms. Cole recognized Senator Papen for her work on the Assisted Outpatient Treatment Act during the 2016 session, and Mr. McCorkle recognized Representative Tripp for his business advocacy work in New Mexico.

North Central Region

Rio Arriba County

The group considered previous estimates for the county and discussed the county's decreasing population, which could be offset by the housing shortages in Los Alamos County, a trend that tends to result in new residents for Rio Arriba County. The group revised the county's estimates as follows:

- reduced the workforce participation rate from 50% to 38%;
- increased the economic-base job attrition rate from 20% to 25%;
- increased the economic-base job rate from 36% to 60%;
- reduced the number of potential jobs created in the visitor-driven sector from 1,500 to 500; and
- increased, to 400, the number of jobs created by retirees locating to the county.

Taos County

The group considered previous estimates for the county and discussed investments in the Taos Ski Valley and the likelihood of creation of related jobs. A member noted that broadband access would be an important factor for job creation in Taos County because many people who would like to live there rely on an internet connection for employment. Another member commented that Taos County's broadband access is among the best in the state. The group revised the county's estimates as follows:

- increased the economic-base job rate from 36% to 50%;
- increased the number of potential jobs created in the visitor-driven sector from 700 to 800;
- increased the number of potential solo-worker jobs from 200 to 400;
- increased the number of potential jobs created by start-up companies from 50 to 150; and
- increased the number of jobs created by retirees locating to the county to 150.

Los Alamos County

The group considered previous estimates for the county and the fact that Los Alamos National Laboratory (LANL) employees live in Los Alamos, Santa Fe and Rio Arriba counties, in approximately equal proportion. Increasing numbers of LANL employees are staying in the county after retirement, but the county is losing its younger population. In response to a participant's question, Mr. Lautman said that a job with a national monument would be counted in the federal government sector, rather than the visitor-driven sector, and he emphasized the importance of counting jobs in just one sector. The group revised the county's estimates as follows:

- reduced the estimated population from 19,980 to 18,500;
- increased the economic-base job rate from 36% to 50%;
- increased the economic-base job attrition rate from 20% to 30%;

- reduced the number of potential jobs created in the visitor-driven sector from 1,500 to 400;
- reduced the number of potential federal government jobs from 2,550 to 500;
- reduced the number of potential jobs in the film industry from 115 to 50;
- increased the number of potential jobs created by start-up companies from 100 to 300; and
- increased the number of jobs created by retirees locating to the county to 300.

A member noted that the lack of commercial real estate is a factor-of-production gap that should be considered in several counties. Regarding the film industry, another member noted that the primary factor-of-production gap is the lack of industry-related facilities, not tax incentives. Mr. Lautman recommended that, before the council's next meeting, participants with connections to the film industry meet to consider the factor-of-production gaps in that sector.

Santa Fe County

The group considered previous estimates for the county and discussed the county's tourism industry, which is successful, but which is not creating many economic-base jobs. The group revised the county's estimates as follows:

- reduced the workforce participation rate from 48% to 46%;
- increased the economic-base job attrition rate from 20% to 25%;
- reduced the number of potential jobs created through employer expansions or relocations from 1,700 to 1,500;
- reduced the number of potential federal government jobs from 3,480 to 1,200; and
- reduced the number of potential jobs created in the visitor-driven sector from 2,500 to 1,000.

Colfax County

The group considered previous estimates for the county and revised the county's estimates as follows:

- increased the estimated population from 12,400 to 13,250;
- reduced the workforce participation rate from 57% to 37%;
- increased the economic-base job rate from 36% to 50%;
- increased the number of potential solo-worker jobs from 10 to 15; and
- increased the number of potential jobs created in the visitor-driven sector from 100 to 200.

Mora County

The group considered previous estimates for the county and revised the county's estimates as follows:

- increased the economic-base job rate from 36% to 50%;

- increased the number of potential jobs created by start-up companies from zero to 20; and
- reduced the number of potential jobs created in the visitor-driven sector from 100 to 15.

San Miguel County

The group considered previous estimates for the county and revised the county's estimates as follows:

- reduced the estimated population from 29,500 to 28,541;
- reduced the workforce participation rate from 46% to 38%;
- increased the economic-base job rate from 36% to 45%;
- increased the number of potential solo-worker jobs from 100 to 300;
- reduced the number of potential jobs created in the visitor-driven sector from 500 to 300;
- reduced the number of potential federal government jobs from 290 to 150; and
- reduced the number of potential jobs created through employer expansions or relocations from 285 to 125.

Roundtable Deliberations — Impediments to Job Creation by Sector and County

Mr. Lautman described the development of a "sales pipeline calculator", a tool to be used by the council and policymakers to assess the programs and needs in a particular sector. As an example, Mr. Lautman said that he suspects that Albuquerque needs eight additional economic development professionals based on the number of transactions needed to continue growing the economy there. He showed the group how the calculator tool could be used to capture data for use in justifying policy recommendations to increase economic development staffing in Albuquerque. He referred to legislation that, if funded, could help increase the number of economic development professionals in the state. He noted that Georgia has 325 certified economic development professionals, while New Mexico has only about four.

A participant asked whether the conversion rates used in the calculator tool would vary based on the community in question, and Mr. Lautman confirmed that the rates would be adjusted. The tool would also track professionals, transactions and projects, by sector.

The revisions made to the estimates for each county in the Eastern Plains and North Central regions were approved by the council without objection.

Mr. Lautman informed participants that he established a Facebook page for the council and encouraged participants to follow and use the page to stay involved in the development of job-creation estimates and the council's work.

Mr. Lautman referred council members to a list of legislative initiatives previously considered or approved by the council. He reminded members of the importance of identifying

bipartisan sponsors from both houses of the legislature, as well as executive branch and community support, for the council's 2017 legislative initiatives.

Adjournment

There being no further business before the council, the second meeting of the council adjourned at 3:54 p.m.

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