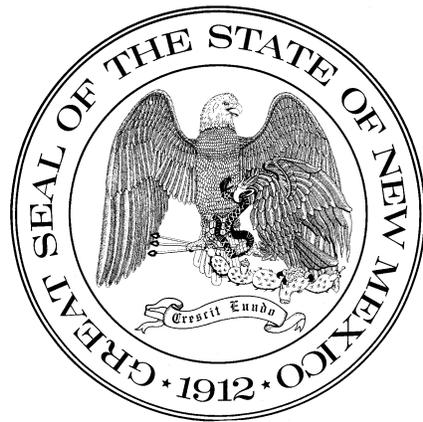


JOBS COUNCIL

FINAL REPORT



New Mexico Legislative Council Service
Santa Fe, New Mexico
January 2014

**JOBS COUNCIL
2013 INTERIM FINAL REPORT**

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JOBS COUNCIL
2013 Interim

Section 1

SUMMARY

JOBS COUNCIL

2013 Interim Summary

In response to the recession-delivered blow to the state's jobs numbers and the sluggish economy, the New Mexico Legislative Council created the Jobs Council (council) to explore the jobs problem and identify ways to accelerate post-recession economic recovery. The council consisted of eight voting members, three voting public members and eight advisory members. Guided by an economic development consultant and a facilitator, the council met seven times during the interim in locations throughout the state.

The council engaged in a process designed to elicit information on key topics from groups of participants — council members, subject matter experts, economic developers and other interested individuals. That information formed the basis for the topics explored in subsequent sessions.

Each session was structured to allow the council to deliberate on the session's focus questions and reach consensus on conclusions. Session-specific main topics and questions were:

- Coherence: What process should be used to understand and define the scale and nature of the jobs-loss problem?
- Predicament: How many economic base jobs are needed to reach pre-recession employment levels 10 years from now? ("Economic base" refers to jobs that yield goods or services that are sold outside of the state or, in the case of some federal jobs, that are mostly paid for by taxpayers in other states.)
- Economic Sectors: How many jobs can be created in each economic sector?
- Geographic Distribution: In what regions of the state will those jobs be created?
- Factors of Production Gaps: What are the major impediments to creating those jobs?
- Programs and Policies: What measures could lawmakers take to remove those impediments and otherwise spur job creation?

After agreeing on the method and terminology to use in the process, participants set out to frame the jobs problem. The council found that approximately 160,000 economic base jobs would need to be created in the next 10 years in order to restore the state to its pre-recession jobs level.

Participants then identified the economic sectors that those jobs could come from and generated a profile outlining how many jobs could be created in each sector in the 10-year period. When considered this way, the estimated job-creation potential totaled 162,000.

After contemplating job-creation potential and job-creation impediments by sector and region, participants developed ideas for the legislature to overcome those impediments and otherwise encourage job growth. Among other measures, participants recommended the re-creation of the Jobs Council and an injection of resources into targeted areas to begin fueling economic recovery.

JOBS COUNCIL
2013 Interim

Section 2

WORK PLAN AND MEETING SCHEDULE

**2013 APPROVED
WORK PLAN AND MEETING SCHEDULE
for the
JOBS COUNCIL**

Members

Rep. W. Ken Martinez, Co-Chair
Sen. Mary Kay Papen, Co-Chair
Rep. Donald E. Bratton
Sen. Phil A. Griego

Sen. Stuart Ingle
Rep. Rick Miera
Rep. Debbie A. Rodella
Sen. Michael S. Sanchez

Public Members

Ray M. Baca, Executive Director, New Mexico Building and Construction Trades Council
Terry Brunner, State Director, United States Department of Agriculture Rural Development
Beverlee McClure, President and Chief Executive Officer, Association of Commerce and Industry

Advisory Members

Sen. William F. Burt
Rep. Mary Helen Garcia
Rep. Stephanie Garcia Richard
Sen. George K. Munoz

Sen. Michael Padilla
Sen. John C. Ryan
Rep. Thomas C. Taylor
Rep. James P. White

Work Plan

The Jobs Council was created by the New Mexico Legislative Council on April 30, 2013 in response to the need to identify priorities for fostering job creation, one of the state's greatest challenges.

During the 2013 interim, the Jobs Council proposes to participate in a comprehensive series of work sessions to develop consensus on a statewide economic development agenda.

The series will consist of six sessions, one each month from June through November. Each session will be conducted as an informal seminar, and subject-matter experts in attendance will inform and advise the Jobs Council on relevant matters. Following is an overview of each session:

(1) Coherence: The Jobs Council will establish its goals and the process, methodology, theoretical framework and nomenclature it will use in determining actionable economic development priorities.

(2) Economic Predicament: The Jobs Council will identify the number of new, economic-base jobs that must be created in the next 10 years in order to return to pre-recession job number levels. The Jobs Council will also begin to identify the sectors to target and the initiatives and policies to implement in the next three to five years in order to spur that 10-year growth.

(3) Economic Sector Selection: The Jobs Council will create a ranked list of the sectors with the highest potential for generating the economic-base jobs goal set in session two. Using market rationale, the Jobs Council will estimate the number of new jobs that can be created in each sector.

(4) Geographic Distribution and Resource Gaps: The Jobs Council will identify areas of the state in which the new, economic-base jobs on the ranked list created in session three are most likely to be created. The Jobs Council will develop a matrix indicating: the target number of new jobs that could be created in each region or location; the major industry sectors in which those jobs would be classified and the major impediments to each sector; job creation, considering such factors as the quality and availability of work force; the quality and presence of infrastructure; the amount of accessible capital; the tax and regulatory environment; and the quality and availability of real estate, marketing and sales programming.

(5) Policy and Program Recommendations (sessions five and six): The Jobs Council will identify existing and future policy and program initiatives that have the potential to create the number of jobs necessary to reach the Jobs Council's targeted goals.

**Jobs Council
2013 Approved Meeting Schedule**

<u>Date</u>	<u>Location</u>
June 17	Santa Fe
July 19	Albuquerque
August 8	Taos
September 11	Roswell
October 9	Silver City
November 8	Santa Fe

JOBS COUNCIL
2013 Interim

Section 3

**AGENDA AND MINUTES:
JUNE 17, 2013**

Revised: June 13, 2013

**TENTATIVE AGENDA
for the
FIRST MEETING
of the
JOBS COUNCIL**

**June 17, 2013
Room 307, State Capitol
Santa Fe**

Monday, June 17

- 10:00 a.m. **Call to Order**
—Representative W. Ken Martinez, Speaker of the House, Co-Chair
—Senator Mary Kay Papen, President Pro Tempore of the Senate, Co-Chair
- 10:05 a.m. (1) **Introduction to the Jobs Council Process**
—Mark Lautman, Lead Program Consultant, Lautman Economic
 Architecture
—Tim Karpoff, Facilitator, Karpoff and Associates
- 11:00 a.m. (2) **Session One (Coherence): Deliberation and Agreement on Definition,
 Planning Model and Guidelines**
—Mark Lautman, Lead Program Consultant, Lautman Economic
 Architecture
—Tim Karpoff, Facilitator, Karpoff and Associates
- 12:00 noon **Lunch**
- 1:00 p.m. (2) **Session One (Coherence): Deliberation and Agreement on Definition,
 Planning Model and Guidelines (continued)**
—Mark Lautman, Lead Program Consultant, Lautman Economic
 Architecture
—Tim Karpoff, Facilitator, Karpoff and Associates
- 1:45 p.m. (3) **Overview of Other Current Statewide Economic Development Planning
 Efforts**
—Jon Barela, Secretary, Economic Development Department
- 2:30 p.m. (4) **Preview of Session Two (Predicament)**
—Mark Lautman, Lead Program Consultant, Lautman Economic
 Architecture
—Tim Karpoff, Facilitator, Karpoff and Associates

- 3:00 p.m. (5) **Council Work Plan and Meeting Schedule**
—Tessa Ryan, Staff Attorney, Legislative Council Service
—Mark Lautman, Lead Program Consultant, Lautman Economic
Architecture
- 3:30 p.m. **Public Comment**
- 4:00 p.m. **Adjourn**

**MINUTES
of the
FIRST MEETING
of the
JOBS COUNCIL**

**June 17, 2013
State Capitol, Room 307
Santa Fe**

The first meeting of the Jobs Council (JC) was called to order by Representative W. Ken Martinez, co-chair, on June 17, 2013 at 10:14 a.m. in Room 307 of the State Capitol in Santa Fe.

Present

Rep. W. Ken Martinez, Co-Chair
Sen. Mary Kay Papen, Co-Chair
Ray M. Baca
Rep. Donald E. Bratton
Terry Brunner
Sen. Phil A. Griego
Beverlee McClure
Rep. Rick Miera
Rep. Debbie A. Rodella
Sen. Michael S. Sanchez

Absent

Sen. Stuart Ingle

Advisory Members

Rep. Mary Helen Garcia
Sen. Michael Padilla
Sen. John C. Ryan
Rep. James P. White

Sen. William F. Burt
Rep. Stephanie Garcia Richard
Sen. George K. Munoz
Rep. Thomas C. Taylor

Staff

Tessa Ryan, Staff Attorney, Legislative Council Service (LCS)
Raúl E. Burciaga, Director, LCS
Monica Ewing, Staff Attorney, LCS

Guest Legislator

Sen. Timothy M. Keller

Guests

The guest list is in the meeting file

Handouts

Copies of all handouts are in the meeting file.

Monday, June 17

Council members and staff introduced themselves. Mark Lautman of Lautman Economic Architecture introduced himself and explained that he will serve as the lead program consultant to the JC. Tim Karpoff of Karpoff and Associates introduced himself and stated that he will serve as a facilitator at meetings of the JC.

Introduction to the JC Process — Session One (Coherence): Deliberation and Agreement on Definition and Planning Model and Guidelines

Mr. Lautman stated that he has worked in the economic development field throughout the state for over 30 years and wrote a book on the subject. He introduced his assistant, Sal Perdomo. He noted that Mr. Karpoff has previously worked with legislative interim committees and does a great job of facilitating discussions. Mr. Karpoff stated that, through his work, he is involved with engagement and public discourse on important issues of public policy.

Mr. Lautman explained that JC meetings will be structured differently than other interim committee meetings, and its meetings, if the JC agrees, will consist of seminar-like discussions in order to help conversations progress. He explained a process that he proposes the council follow during the interim, and he directed the council members to Slide 8 of his presentation, titled "Fast Track Economic Development Strategic Planning", for a discussion of how the process he proposes differs from other development strategies. He specifically emphasized that the process focuses on employment sectors that are capable of producing results in the next three to five years. He directed the JC members to the outline of the following steps in his process as shown in his presentation materials, titled "Jobs Council Background: Coherence; Economic Predicament; Economic Sector Selection; Geographic Distribution and Resource Gap; and Policy and Program Recommendations". Finally, he emphasized that inclusivity is a hallmark of the process, and it is important that economic development efforts made around the state be part of the discussion.

Mr. Karpoff stated that his role, if the JC agrees, would be to help Mr. Lautman develop agenda items for each meeting, and during the JC's deliberative sessions, he would help facilitate its conversations. He noted that with his facilitation efforts, the co-chairs would have an opportunity to fully participate. He suggested that deliberative sessions might be held in a room with a hollow square furniture layout. Representative Martinez responded that the JC needs to ensure that its meetings are open and transparent and that there is sufficient space in meeting rooms to allow for audience members. Representative Martinez added that the JC would allow for a 30-minute public comment period at the end of each of its meetings.

Mr. Lautman informed members that, in advance of each meeting, they will be given a memorandum that addresses the topics and agenda items for the next meeting. Experts on each agenda item will make presentations to the JC during the morning of each meeting, and during the afternoons, the JC will have an opportunity to deliberate and reach consensus about the items addressed during that meeting.

Regarding the focus on economic base jobs, Mr. Lautman explained to the JC that the only way to grow the economy of the state is to grow that part of the economy that derives revenue from outside the state, and one way to do that is to increase the number of economic base jobs. (See Page 4 of the Jobs Council Backgrounder.) If services are paid for by money from outside the state, those services are part of the economic base. It takes three years for growth of the economic base to take effect. Mr. Lautman showed the effect of the contraction of an economy on economic base jobs, service sector jobs and dependents using a graphic found on Page 5 of the Jobs Council Backgrounder and on Slide 3. The JC will have to decide on the ratio or multiplier it believes should be used when considering the relationship between economic base jobs to service sector jobs.

Mr. Lautman spent some time stressing that health care is an industry he believes will be a significant source of economic base jobs in the state. Because of the expansion of Medicaid, and because there is significant poverty in the state, New Mexico will be receiving a lot of funding from the federal government. While health care jobs have not traditionally been considered economic base jobs, the increase in federal funding coming into the state changes the status of those jobs.

The population and target number of created jobs will be considered by the JC at the July meeting.

Several members expressed concern that the rural communities they represent are in dire situations and may not be able to wait 10 years for economic growth. Mr. Lautman reiterated that the JC should consider industries that will bring economic base job growth in the next three to five years.

In response to concerns about communities that have few, if any, economic base jobs, Mr. Lautman noted that the JC will have to agree on which industry sectors will qualify for the purpose of the JC's work. The focus will not be on resolving issues in specific communities, but in the state as a whole. In September or October, the JC will take the list of economic base job industry sectors identified by the JC as having growth potential and consider which regions of the state can help add jobs within each sector and which regions cannot. The question of urban-versus-rural economic development will be important at that time. He indicated that about half of the sectors the JC includes in its list of potential areas for growth could be sectors operating in rural parts of the state.

Another member raised a question about whether quality of life rather than economic wealth should be a consideration. Mr. Lautman responded that while quality of life is an economic development consideration, for the purposes of the JC, only economic base jobs will be considered. Without economic growth, quality of life diminishes.

On the question of why the JC should endorse one approach to economic development over another, Mr. Lautman noted that because the state has limited resources, it is important that

the state and the legislature have some kind of plan in place even if economic conditions change. He added that the goal of this process is to allow the JC to develop a list of the most important job sectors that the JC believes will help provide economic base jobs and economic growth.

Mr. Lautman reviewed a handout provided by Ms. McClure, titled "Comprehensive Economic Development Strategy for New Mexico; Five Keys for the Framework".

Mr. Karpoff proposed that the JC address the list of 10 action items on Pages 6 through 7 of the Jobs Council Backgrounder and on Slide 10. The council addressed each item in turn and agreed on the following.

1. Define economic development.

Define "economic development" as "growing the economy faster than the population".

2. The rationale for planning.

Mr. Lautman explained that this item seeks the JC's agreement that if the JC follows this process, it will identify areas that, if focused on, have a good chance of leading to economic growth.

3. The process logic model.

The JC effectively adopted the proposed agenda for the interim.

4. Program ambition.

Mr. Lautman noted that this process proposes to take strategic and predictive action through the JC's work.

5. Planning horizon.

Several members noted the need for immediate improvement in certain parts of the state and certain industries. Mr. Karpoff stated that the JC should be looking for measurable impact in three to five years through this process. The JC should identify and select sectors that will have the most traction.

6. Primary planning metric.

The JC should focus on measurable economic base jobs. Mr. Lautman noted that the discussion will not be manageable if the JC looks outside economic base job growth.

7. Impact threshold criteria.

Focus on job creation potential in three to five years.

8. Common sense standard.

With the help of expert presentations in the first part of each meeting, the JC will use its collective expertise to arrive at a job creation approach.

9. Geographic focus.

The JC discussed concerns about urban-versus-rural job creation and economic growth.

10. Comprehensive.

Health care and other industry sectors will bring about new opportunities for job creation.

Overview of Other Current Statewide Economic Development Planning Efforts

Representative Martinez addressed Secretary of Economic Development Jon Barela, and stated that the legislature created the JC to take a comprehensive look at job creation and that the JC would like the Economic Development Department (EDD) to be a part of the process.

Secretary Barela listed five things the EDD does to assist with job creation.

1. Foster a competitive business climate.

Secretary Barela thanked the legislature for 2013 legislation that helps make the state's tax environment better. The number of businesses seeking to relocate to the state has risen exponentially since the 2013 legislation was enacted, and last week, 100 jobs were created in Alamogordo that are directly related to the recent legislation.

2. Help identify, and provide appropriate infrastructure for, job creation.

The EDD has been focusing on water and wastewater issues. Secretary Barela suggested inviting Dr. Mike Hightower from Sandia National Laboratories to address these issues with the JC. He noted the importance of Local Economic Development Act funds and stated the need for additional closing funds.

3. Work with other state agencies to develop New Mexico's work force.

Secretary Barela highlighted the EDD's Job Training Incentive Program (JTIP) and stated that it might need to be more transparent. If the JTIP fund was an "evergreen fund", the EDD could reassure businesses that predictable funds are available.

4. Identify and provide incentives and financing options to businesses of all sizes.

Secretary Barela identified recent business deals in Texas and Louisiana that rely on the states' significant closing funds. He added that incentives and deal-closing funds are important.

5. Provides assistance specifically for small businesses.

The EDD's Office of Business Advocacy has saved 1,500 jobs in the state. Secretary Barela said that the office has two employees who can assist with financing. He also mentioned the EDD's Office of International Trade and stated that New Mexico is first in the nation in terms of export growth. The EDD is responsible for overseeing business incubators in the state. Currently, there are no funds allocated for the business incubation programs.

Secretary Barela stated that the EDD has identified several areas that show the most growth potential, including: (1) energy and natural resources; (2) aerospace and aviation defense; (3) value-added food production; (4) back office technical support; (5) advanced manufacturing; (6) digital film; and (7) emerging media.

In response to a member's question, Secretary Barela stated that back office operations, such as Pretrack, which employs 40 to 60 people, decided to stay in the state as a result of recent legislation. Back office operations provide accounting or bookkeeping services for businesses.

Secretary Barela clarified the EDD's economic development approach as a balanced approach in which manufacturing jobs, high-paying jobs, construction jobs and all other legitimate businesses are welcome in the state. Back office operations offer well-paying jobs. He added that Secretary of Taxation and Revenue Demesia Padilla is compiling a report of which business incentives and credits are underutilized and which are not providing the intended results. If a deduction is not working, it should be eliminated. The EDD can use the information in putting together customized business packages.

Regarding the film industry, Secretary Barela stated that the television show Longmire and other television producers have committed to producing in New Mexico. The state should take advantage of other film activities, such as digital gaming and computer gaming.

Preview of Session Two (Predicament)

At its next meeting, the JC will arrive at an estimated population number for 2023. In arriving at this number, the JC will consider what percentage of the population will be part of the work force, whether the population will shrink and the percentage of unemployed workers. The JC will also arrive at the number of economic base jobs the state will need to create in the next 10 years.

Mr. Lautman stated that experts in population studies, demographics, work force demographics, economic sectors and other areas may be called upon to provide testimony to the JC. He said he has spoken with several experts about assisting the JC.

Work Plan and Meeting Schedule

Ms. Ryan explained the draft work plan to the JC members and noted that it includes meetings to cover each of the major areas covered in Mr. Lautman's proposed process: coherence; economic predicament; economic sector selection; geographic distribution and resource gaps; and policy and program recommendations. Ms. Ryan also reviewed proposed JC meeting locations. The JC approved the work plan and meeting schedule.

Public Comment

Bill Jordan, New Mexico Voices for Children, reiterated the importance of funding to the state as a result of the expansion of Medicaid. He noted that the board of the New Mexico Health Insurance Exchange sent a proposal related to Medicaid enrollment to the Human Services Department (HSD) and that the HSD removed certain funding requests and submitted the proposal to the federal government. He said that the removal of funding will be problematic and will result in a huge loss of funds to the state. He noted that the state needs an aggressive enrollment program in order to see the health and economic improvement made possible by the expansion of Medicaid.

Adjournment

There being no further business before the council, the first meeting of the JC for the 2013 interim adjourned at 3:45 p.m.

JOBS COUNCIL
2013 Interim

Section 4

**AGENDA AND MINUTES:
JULY 19, 2013**

**TENTATIVE AGENDA
for the
SECOND MEETING
of the
JOBS COUNCIL**

**July 19, 2013
Carpenters Training Center Auditorium
3900 A Pan American Freeway NE
Albuquerque**

Friday, July 19

- 10:00 a.m. **Call to Order**
—Representative W. Ken Martinez, Speaker of the House of
Representatives, Co-Chair
—Senator Mary Kay Papen, President Pro Tempore of the Senate, Co-Chair
- 10:05 a.m. **Welcome and Introductions; Approval of Minutes from June Meeting**
- 10:15 a.m. (1) **Review of Session One (Coherence) and Introduction to Session Two
(Economic Predicament)**
—Mark Lautman, Lautman Economic Architecture, Lead Program
Consultant
- 10:30 a.m. (2) **Expert Panel on Economic Predicament: Jobs Lost Since Recession;
Relevant Statistics**
—Dr. Robert Grassberger, Professor, Organizational Learning and
Instructional Technology Program, University of New Mexico (UNM)
—Dr. Jim Peach, Regents Professor, Department of Economics, Applied
Statistics and International Business, New Mexico State University
—Dr. Lee Reynis, Director, Bureau of Business and Economic Research,
UNM
—Tim Karpoff, Karpoff and Associates, Facilitator
- 12:00 noon **Break/Set Up Working Lunch**
- 12:15 p.m. (3) **Session Two (Economic Predicament): Deliberation and Consensus on
Number of Jobs Lost and Target Number of Jobs to be Created**
—Mark Lautman, Lautman Economic Architecture, Lead Program
Consultant
—Tim Karpoff, Karpoff and Associates, Facilitator

2:30 p.m. (4) [Preview of Session Three \(Economic Sector Selection\)](#)
—Mark Lautman, Lautman Economic Architecture, Lead Program
Consultant

3:00 p.m. **Public Comment**

3:30 p.m. **Adjourn**

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

**July 19, 2013
Carpenters Training Center Auditorium
Albuquerque**

The second meeting of the Jobs Council (council) for the 2013 interim was called to order by Representative W. Ken Martinez, co-chair, on July 19, 2013 at 10:21 a.m. at the Carpenters Training Center auditorium in Albuquerque.

Present

Rep. W. Ken Martinez, Co-Chair
Sen. Mary Kay Papen, Co-Chair
Ray M. Baca
Rep. Donald E. Bratton
Terry Brunner
Matthew E. Gonzales (representing
 Beverlee J. McClure)
Sen. Phil A. Griego
Sen. Stuart Ingle
Rep. Debbie A. Rodella
Sen. Michael S. Sanchez

Absent

Rep. Rick Miera

Advisory Members

Rep. Mary Helen Garcia
Rep. Stephanie Garcia Richard
Sen. George K. Munoz
Sen. Michael Padilla

Sen. William F. Burt
Sen. John C. Ryan
Rep. Thomas C. Taylor
Rep. James P. White

Guest Legislator

Rep. Alonzo Baldonado

Staff

Raúl E. Burciaga, Director, Legislative Council Service (LCS)
Claudia Armijo, Staff Attorney, LCS
Abby Wolberg, Legal Intern, LCS
Alexandria Tapia, LCS

Guests

The guest list is in the meeting file.

Handouts

Handouts and other written testimony are in the meeting file.

Friday, July 19

Motion

The council, without objection, approved the minutes of the first council meeting.

Review of Session One (Coherence) and Introduction to Session Two (Economic Predicament)

Mark Lautman, lead program consultant for the council, reviewed the five-step process being followed by the council. He observed that the process is, among other things, sector-specific, and indispensable job-creating industries will be the focus of the council's work.

Mr. Lautman said that the objective of the second council meeting is to consider the state's economic predicament and try to determine the number of economic-base jobs that should be created in order for the state to be economically healthy in 2023. The council's goal is to establish both the number of economic-base jobs and the regions in which those jobs could be created. Economic-base jobs are those that produce goods and services that are purchased by consumers from outside New Mexico.

Questions

A council member asked whether population growth will result from creating jobs and suggested that the council should take population growth into account. Mr. Lautman agreed that population growth will be considered and reiterated that the calculations and estimates that the council arrives at will represent informed guesses.

A council member asked whether the council's goal is to arrive at one estimated number of jobs to be created or to suggest several aspirational projections. Mr. Lautman responded that it is most important that the council agree on the number of economic-base jobs needed in the state in order to ensure the state's economic health. That number can be recalibrated by the council, if necessary, but having the council's initial agreement as to that figure will allow the council to progress toward its ultimate goal.

Expert Panel on Economic Predicament: Jobs Lost Since the Recession; Relevant Statistics

Dr. Jim Peach, regents professor of economics, applied statistics and international business, New Mexico State University, highlighted the difference between economic development and economic growth. Economic growth can be easily measured and does not change the structure of the economy. Economic development is a more complicated process that involves structural changes in the economy.

Dr. Peach noted that data show that New Mexico is having trouble recovering from the Great Recession. Economic growth and population growth are generally stagnant, and they have

declined in many of the state's counties. New Mexico's poverty rates are higher than the national average. New Mexico is not keeping pace with neighboring states; it is losing jobs in almost every employment sector, and its gross domestic product growth in 2012 ranked forty-seventh in the country. There is potential for the state's economy to improve.

Dr. Peach opined that, historically, the state's economic development strategy — based on attempts to use incentives to entice large firms to relocate to New Mexico — has not been very effective. He added that the state has many resources, but companies are looking for highly trained and well-educated workers. He suggested that the state needs to establish a K-20 educational program that competes with those in neighboring states. The state's work force needs to be well-prepared in calculus and physics and trained to enter the most valuable employment sectors. The oil and gas industry, the leading sector in New Mexico, does not provide many well-paying direct jobs. The state's public employment sector is lagging; Dr. Peach warned that this sector should not be ignored because it represents such a large portion of the state's economy.

Dr. Lee Reynis, director of the Bureau of Business and Economic Research (BBER) at the University of New Mexico, noted that New Mexico's employment numbers fell sharply at the end of 2010, and since that time, there has not been much progress. This situation contrasts with states surrounding New Mexico and with the nation as a whole, which are experiencing job growth. Dr. Reynis noted that New Mexico lost 52,000 non-farming jobs and has regained 13,000 of the jobs that were lost.

Dr. Reynis explained that the recent Great Recession was unlike other recessions, in which the public sector provided some insulation from the impacts of the economic downturn. The recent recession saw losses across many employment sectors, which decreased revenue to all levels of government. Governments tried to cut spending, and as a result, the public sector became a drag on the economy.

Dr. Reynis said that over time, government has grown, but after 2008, the number of government jobs began to shrink. State and local governments are seeing some improvement, but the federal government will likely continue to shrink because of the political climate in Washington, DC, and because of an emphasis on reducing the federal deficit. She added that New Mexico's economy is dependent on federal money; New Mexico has a disproportionate number of military and federal jobs compared to other states, and the number of those jobs is dwindling. The BBER has attempted to predict the full effect of the sequester and estimates that the sequester will result in a permanent reduction of 20,000 jobs in the state.

Questions

A council member mentioned that there have been problems in securing bank loans for constructing housing and highways in areas such as Hobbs. Dr. Peach said that capital exists and that banks have money to lend, but since oil prices are volatile, banks consider oil and gas industry-related investments to be high-risk investments. Dr. Peach said that he has spoken with bankers who say they are willing to lend to people with reasonable and established business plans.

A council member asked about the potential impact on employment of the federal Patient Protection and Affordable Care Act (PPACA). Dr. Reynis explained that the PPACA includes an expansion of Medicaid, which will provide many people with access to health care. She noted that New Mexico historically has been underserved, and improving the state's health care system and infrastructure is necessary.

A council member asked how the legislature can help spur job growth. Dr. Reynis replied that businesses need a trained and educated work force. Attracting businesses to New Mexico from outside the state should not be the only approach; expanding and improving businesses already in New Mexico should also be considered.

Dr. Peach said that the state needs to focus on its work force and on transportation and communication infrastructure before it considers the state's tax structure. He added that the state's higher education system needs restructuring because there are too many four-year institutions, and community colleges and small school districts cannot be funded adequately or efficiently.

A council member suggested that educated people are unable to find jobs and are leaving the state and asked whether data related to this trend are being collected. Dr. Peach said that the geographic mobility of labor adds greatly to economic efficiency. He added that it is nearly impossible to track New Mexico's graduates after they leave the state.

A council member asked how New Mexico can improve its rank of forty-seventh in state gross domestic product in 2011 through 2012. Dr. Peach said that the state needs to adopt an economic development strategy focused on energy and education but that a complete economic turnaround in a few years cannot be expected. Dr. Reynis added that technology is constantly changing, and people need core educational competencies in order to secure new jobs and learn new skills. The work force needs to be adaptable and ready to perform various types of jobs.

Session Two (Economic Predicament): Deliberation and Consensus on Number of Jobs Lost and Target Number of Jobs to be Created

Tim Karpoff of Karpoff and Associates, facilitator for the council, facilitated a discussion with council members about the total number of economic-base and other jobs that the council believes need to be created in the state.

The council discussed the following factors that influence the number of economic-base jobs that the state will need to create in order to achieve economic health in 10 years:

- population growth;
- work force participation rate;
- unemployment rate;
- economic-base jobs rate; and
- economic-base jobs attrition rate.

For the purpose of the council's goal — arriving at an estimated number of economic-base jobs that the state should create — the council considered these factors and was tasked with collectively agreeing on percentages and values for use in completing the matrix shown below. The council deliberated and reached consensus on the percentages and values to be assigned to each of the factors. Those values were used to calculate the council's initial estimate of the number of economic-base jobs to be created over the next 10 years: 160,883. Dr. Peach and Dr. Reynis, along with Mr. Lautman, provided testimony and assistance to the council throughout deliberation.

	2013	2023	Calculus Used (2013)	Calculus Used (2023)	Decade Deltas	Descriptions
Population Growth	2,091,000	2,300,100		10%	209,100	Change in New Population
Workforce Participation	993,225	1,092,548	48%	48%	99,323	Change in Jobs for Population Growth
Unemployment Rate	89,390	43,702	9%	4%	45,688	Jobs to reach Goal Unemployment Rate
Employment Rate	903,835	1,048,846	91%	96%	145,011	Total Jobs Needed at Goal Employment Rate
E-base Jobs Rate	316,342	367,096	35%	35%	50,754	E-base needed for full employment
E-base Attrition Rate		110,129		30%	110,129	To replace E-base jobs lost
Total E-base Needs					160,883	Total E-base jobs needed
Annual E-base Program Reliant					16088	Average needed per Year How many are procured by programs vs automatically?

During the council's deliberation on population growth, Dr. Reynis noted that recent population growth data for the state suggest that the council might use a 1.7% population growth rate estimate for calculations in the matrix. The council considered using 1.7%, which aligns with current population growth, but ultimately decided that it was too high given that economic pressures may cause New Mexico's population to decline in coming years. The council discussed and reached consensus on using a 1% population growth rate instead.

The council also considered how work force participation would factor into its calculations. Work force participation, as used in the matrix, represents the percentage of the total population in New Mexico that is willing and able to work. It was reported that the current work force participation rate is as low as 43% in certain counties in the state; however, several council members suggested that it would be more appropriate to use a rate closer to 50%. After some discussion, the council agreed it would use 48% as its estimate of work force participation when calculating the number of economic-base jobs needed.

The council discussed the state's unemployment rate and how it will affect the council's estimate of jobs needed. It was noted that there is a difference between the reported rate of

unemployment in the state, which includes only those persons who have sought assistance for their unemployment, and the actual rate of unemployment. Dr. Reynis suggested that New Mexico's actual rate of unemployment is likely between 9% and 14%. After deliberation, the council chose to use 9% as the actual unemployment rate affecting job necessity in the state. (See "Unemployment Rate/Calculus Used (2013)" in the matrix.) There was a discussion of the term "structural unemployment rate", which is used to describe the rate of unemployment that cannot be remedied or avoided because it includes persons who are willing and able to work but who, for unavoidable reasons, are temporarily unemployed. The council agreed that for the purpose of its calculations it would use a structural unemployment rate of 4%. (See "Unemployment Rate/Calculus Used (2023)" in the matrix.) That rate represents the percentage of unemployment in the state that is expected to exist even with successful job creation and employment efforts.

The council was charged with agreeing on a percentage that represents the portion of jobs in New Mexico's economy that are economic-base (e-base) jobs. In its discussion of the e-base jobs rate, the council heard testimony from Dr. Peach and Dr. Reynis. The council considered situations in which a product is manufactured in New Mexico and sold to a New Mexican, who would then use the product as a component of another product that is ultimately sold to an out-of-state consumer. The council deliberated and agreed that it would use 35% as the percentage of jobs in the state that are economic-base jobs.

Finally, the council considered the e-base attrition rate, or the rate at which the state will lose economic-base jobs during the next 10 years. The loss of economic-base jobs was described as inevitable, given that some companies and employers in the state will likely relocate or downsize during the next 10 years. The council heard that some data on attrition rates for economic-base employers have been collected by the City of Rio Rancho. With respect to call centers, Rio Rancho's data show that the duration of call centers is typically five to seven years. The data also show, however, that if a call center survives to seven years, it will likely continue operations for 15 years. The council deliberated and considered the data collected by Rio Rancho and decided that it would use an attrition rate of 30%. (See E-Base Attrition Rate/Calculus Used (2023) in the matrix.)

After reaching consensus on the factors to be used in its initial calculations, the council applied those factors to the data shown in the first column of the matrix and determined that New Mexico will need to create 160,883 economic-base jobs by 2023 to ensure economic health. (See "Total E-Base Needs/Decade Deltas" in the matrix.)

A council member asked how the original figures in the matrix were computed. Dr. Reynis noted that the chart includes projections from a few years ago. Since that time, New Mexico's job growth has decreased; Dr. Reynis said she believes that the state's population in 2023 will not be as high as that originally shown in the chart. Mr. Lautman noted that the goal of the council's process is to decide on reasonable estimates in order to allow the council to develop a strategy.

A member of the audience, David Foster, noted that it is important that the council not place the target numbers too low. Mr. Lautman replied that the figures used should not be unreasonably high because those figures will be used by the council when it considers the number of jobs that need to be created. A council member asked whether population growth is expected in urban areas or in rural areas. Mr. Karpoff suggested that there may be flat growth in some areas. Dr. Reynis added that a high rate of population growth is not always desirable because it can be expensive to sustain.

A council member noted that many retirees are employed part time. Dr. Reynis stated that many people have had their retirement disrupted and that those people might have to work longer than anticipated. Dr. Peach added that there is a less than 25% chance that a person over the age of 65 will be in the work force.

Mr. Lautman said that the council will consider possible restraints to job growth in its October meeting.

Preview of Session Three (Economic Sector Selection)

Mr. Lautman reviewed a chart, divided into employment sectors, with the council. He said that the council will determine the figures and factors to be used in the chart's calculations to help establish a number of economic-base jobs and the employment sectors in which those jobs might be created. He also explained that at the council's August meeting, subject matter experts representing the listed employment sectors will be present to assist the council with its deliberations.

A council member recalled a presentation before the interim Economic and Rural Development Committee related to the oil and gas industry and inquired about job creation in that industry. Mr. Lautman said that in the 1980s and 1990s, the oil and gas industry created many jobs, but the industry has now automated many of its operations and, as a result, does not create as many jobs. He added that, given the state's employment situation, any type of job creation is important, but the state should consider how many jobs might be in danger if water issues associated with the oil and gas industry are not resolved. A council member noted that hydraulic fracturing (fracking) has created many jobs, such as truck driving for hauling water in and out of fracking sites.

Public Comment

Mr. Foster opined that the council's meetings should be two days instead of one. He said that the structure of each employment sector is complicated, and he wonders how certain sectors might be encouraged to participate. Mr. Lautman said that these issues would be considered at later meetings.

A member of the audience asked how the council would consider health care-related issues. Mr. Lautman explained that the council will discuss the expansion of the health care network and the state's ability to grow the core of the economy, which includes health care-based

issues. He said the council will have a one-day session dedicated to calculating numbers, including those related to the health care field. Mr. Lautman received a suggestion from a member of the Legislative Finance Committee (LFC) to look at an extensive LFC report on the effect of Medicaid expansion.

Adjournment

There being no further business before the council, the second meeting of the Jobs Council for the 2013 interim adjourned at 2:39 p.m.

JOBS COUNCIL
2013 Interim

Section 5

**AGENDA AND MINUTES:
AUGUST 8, 2013**

Revised: July 26, 2013

**TENTATIVE AGENDA
for the
THIRD MEETING
of the
JOBS COUNCIL**

**August 8, 2013
Taos Convention Center
120 Civic Plaza Drive
Taos**

Thursday, August 8

- 10:00 a.m. **Call to Order**
—Representative W. Ken Martinez, Speaker of the House of
Representatives, Co-Chair
—Senator Mary Kay Papan, President Pro Tempore of the Senate, Co-
Chair
- 10:05 a.m. **Welcome and Introductions; Approval of Minutes from July Meeting**
- 10:15 a.m. (1) **Economic Predicament Consensus**
—Mark Lautman, Lead Program Consultant, Lautman Economic Architecture
—Tim Karpoff, Facilitator, Karpoff and Associates
- 11:00 a.m. (2) **Economic Sector Selection — Breakout Session #1**
—Tim Karpoff, Facilitator, Karpoff and Associates
—Economic Sector Expert Panel
- 12:00 noon **Working Lunch — Plenary Session**
—Mark Lautman, Lead Program Consultant, Lautman Economic
Architecture
—Tim Karpoff, Facilitator, Karpoff and Associates
- 1:00 p.m. (3) **Economic Sector Selection — Breakout Session #2**
—Tim Karpoff, Facilitator, Karpoff and Associates
—Economic Sector Expert Panel
- 2:00 p.m. (4) **Economic Sector Selection — Consensus Deliberation**
—Mark Lautman, Lead Program Consultant, Lautman Economic Architecture
—Tim Karpoff, Facilitator, Karpoff and Associates

- 3:00 p.m. (5) [Preview of Session Four \(Geographic Distribution and Resource Gaps\)](#)
—Mark Lautman, Lead Program Consultant, Lautman Economic Architecture
—Tim Karpoff, Facilitator, Karpoff and Associates
- 3:30 p.m. **Public Comment**
- 4:00 p.m. **Adjourn**

**MINUTES
of the
THIRD MEETING
of the
JOBS COUNCIL**

**August 8, 2013
Taos Convention Center
Taos**

The third meeting of the Jobs Council (council) for the 2013 interim was called to order by Representative W. Ken Martinez, co-chair, on August 8, 2013 at 10:18 a.m. at the Taos Convention Center in Taos.

Present

Rep. W. Ken Martinez, Co-Chair
Sen. Mary Kay Papen, Co-Chair
Ray M. Baca
Terry Brunner
Beverlee McClure
Rep. Rick Miera

Absent

Rep. Donald E. Bratton
Sen. Phil A. Griego
Sen. Stuart Ingle
Rep. Debbie A. Rodella
Sen. Michael S. Sanchez

Advisory Members

Rep. Stephanie Garcia Richard
Rep. Thomas C. Taylor

Sen. William F. Burt
Rep. Mary Helen Garcia
Sen. George K. Munoz
Sen. Michael Padilla
Sen. John C. Ryan
Rep. James P. White

Guest Legislators

Rep. Roberto "Bobby" J. Gonzales
Rep. Larry A. Larrañaga
Rep. Patricia A. Lundstrom

Staff

Tessa Ryan, Staff Attorney, Legislative Council Service (LCS)
Raúl E. Burciaga, Director, LCS
Monica Ewing, Staff Attorney, LCS
Claudia Armijo, Staff Attorney, LCS

Guests

The guest list is in the meeting file.

Handouts

Handouts and other written testimony are in the meeting file.

Thursday, August 8

Review of Session Two (Economic Predicament) and Introduction to Session Three (Economic Sector Selection)

Mark Lautman, lead program consultant for the council, addressed the council and audience members and reviewed the council's process. At its last meeting, the council made a preliminary determination of the number of economic-base jobs the state needs to create in the next 10 years: 160,883. That determination was based on several assumptions that the council considered and to which it agreed. Those assumptions included: a population growth rate of 10%; a work force participation rate of 48%; a structural unemployment rate of 4%; an economic-base jobs rate of 35%; and an economic-base jobs attrition rate of 30%. The attrition rate considers federal jobs and federal contractor jobs lost due to the federal sequester. Part-time and full-time workers are aggregated for the purpose of the council's calculations.

Tim Karpoff, facilitator for the council, and Representative Martinez asked if the council would agree to formally adopt the assumptions and estimates agreed to at the council's second meeting. No objections were raised, and the council's consensus was noted.

Mr. Lautman said that the meeting's focus would be on determining which economic-base industry sectors might be able to provide additional jobs in the next 10 years. The September meeting's focus will be on identifying the areas of the state that might support job creation in the various sectors identified by the council during its August meeting.

Mr. Lautman noted that the many industry representatives and subject-matter experts in attendance would assist the council by providing industry-specific insights about potential job creation in New Mexico. The council's job-creation estimates would be checked against data provided by economic development experts, including Dr. Jim Peach, regents professor of economics, applied statistics and international business at New Mexico State University, and Dr. Lee Reynis, director of the Bureau of Business and Economic Research at the University of New Mexico.

Economic Sector Selection — Breakout Session #1

The council members, industry experts and audience members divided into six groups, each of which was assigned several economic-base industry sectors. The six groups were asked to consider how many jobs each of the group's assigned industry sectors might be able to create in the next 10 years and then to report those estimates to the whole group. The participants were asked to disregard major barriers to job creation, such as limited housing, for the purposes of the exercise because job-creation barriers or factors of production would be addressed at a later council meeting.

The following industry sectors were represented among the groups: back-office services; exported services; solo-independent work; integrated information technology and nongovernmental cybertechnology; digital media; visitor-driven industry; nongovernment emerging technologies; manufacturing; extractives; agriculture, food and forestry; government; health and social services; and education services. Mr. Lautman explained that the sectors were grouped at each table according to similarities in factors of production and job-creation obstacles.

Council members and other participants at each table deliberated and arrived at estimated numbers of jobs that could be created by each industry in the next 10 years.

Working Lunch — Plenary Session

A representative from each group presented the results of the group's deliberations during a lunchtime plenary session. (See the column labeled "Taos 1" in the attached table.)

Back-office services — The group focused on accounting services, procurement and call centers and estimated that such operations, combined, could likely create **5,000** new jobs. The group estimated that 2,000 of those jobs might be created by call centers. The group considered the size of facilities providing back-office services and the large number of employees at those facilities.

Exported services — The group estimated that **25,000** new jobs could be created in this sector.

Solo-independent work — The group estimated that **12,400** new jobs could be created in this sector.

Visitor-driven industry — A representative from the Tourism Department provided the department's analysis that showed that with an increased budget, this industry sector could produce another **32,747** jobs.

Integrated information technology and nongovernmental cybertechnology — The group, with help from a representative of the City of Albuquerque, deliberated and decided that 1,000 jobs could be created in cybersecurity, 5,000 jobs in water security and capacity building and 10,000 jobs in general information technology for a total of **16,000** new jobs in this sector.

Digital media — The group estimated that **9,600** jobs could be created in this sector, which includes film, television and digital gaming.

Nongovernment emerging technologies — The group decided on a conservative estimate of **1,000** new jobs in this sector, considering the fact that emerging technology companies' operations fluctuate quickly and that the federal government's investment in research and development has decreased.

Manufacturing — The group received assistance from an industry representative who noted that in 2007, this sector was growing at about 4% per year and included more than 1,500 companies employing 18 to 20 persons each. After deliberation, the group estimated that this sector could provide an additional **15,000** jobs.

Extractives — The discussion about this sector included considerations of the oil and gas industries in northwest and southeast New Mexico and the unpredictability of the industry. The group also discussed mining of potash, uranium and copper and ultimately estimated that this sector could provide another **10,000** jobs.

Agriculture, food and forestry — The group discussed the fact that the growth in this sector would not be due to increased production, but rather an increase in food processing in the state. It was noted that some jobs are being lost due to mechanization of processes. The group estimated that this sector could provide **3,000** additional jobs.

Education services — The group noted that there is probably a potential for more jobs, but it put forth a conservative estimate of **2,500** jobs.

Health and social services — With input from several industry experts, the group conservatively estimated that this sector could provide an additional **23,000** jobs, while recognizing that there is probably potential for greater job creation.

Government — The group discussed government contractor employees and the need to avoid "double-counting" certain jobs that could be created in the government sector. The group decided that **8,100** jobs could be added in this sector and that those jobs would likely be evenly distributed between the spaceport, aerospace, directed energy and border infrastructure.

Based on these deliberations, the council and industry representatives estimated that 163,347 new jobs could be created in all sectors considered.

A few council members and industry representatives observed that there may have been some double-counting in the initial estimates and that some figures may need to be revised.

Mr. Lautman explained that during the afternoon session, the six groups would each reconsider the estimates arrived at during the morning deliberations and deliberate on and derive an estimated number of "transactions" believed necessary to create the new jobs in each sector. A single transaction could be, for example, the recruitment of a company to the state, a new company starting up or a company expanding. Estimating the number of transactions needed to meet the job-creation goals will help the council to scale the program efforts that could come from the council's work.

Economic Sector Selection — Breakout Session #2

During the afternoon session, several industry representatives addressed the entire group prior to the deliberations. These representatives provided insights based on their professional experience to guide the six groups in their consideration of the morning's numbers and in determining the number of transactions needed to achieve proposed job-creation goals.

With respect to **back-office services**, Noreen Scott, president, Rio Rancho Economic Development Corporation, suggested that the estimated number of jobs should be increased. She added that these jobs are transient and that companies are starting to bring telephone operations back to the United States from overseas.

Regarding **solo-independent work**, Kelly O'Donnell, an independent consultant, noted that she studied this sector several years ago and found that at that time, 18,000 of about 40,000 solo workers were performing economic-base jobs. Independent work is on the rise, and so the state needs to help improve and market the state's quality of life in order to entice independent workers to live here. Double-counting could be an issue in this sector.

Ms. O'Donnell also spoke about **health and social services** and noted that one in five jobs in the state is related to health care delivery, and while health care is not traditionally economic-base work, in New Mexico it is because of the substantial amount of federal funds entering the state in connection with health care programs. Up to 35,000 new jobs over 10 years could be a reasonable estimate. The addition of one primary care physician's practice in a rural community in the state results in the addition of 23 jobs in that community and \$1 million in wages and salaries.

Nick Maniatis, director, Film Division, Economic Development Department, stated that with respect to **digital media**, 2011 saw a 260% increase in the demand for employees. Most jobs in this sector are high-wage and long-term jobs.

Regarding **oil and gas/extractives**, John Heaton, a former New Mexico state representative, said that thousands of homes are being built in southeastern New Mexico to accommodate employees in the industry. He added that uranium mining could add another 2,000 to 3,000 jobs. Representative Taylor added that Conoco Phillips and BP have many operations in New Mexico and that they are working on identifying additional locations. He added that there is potential for New Mexico to export natural gas to Japan.

Chris Stagg, a Tourism Department board member, said that with respect to **visitor-driven** industries, 2,100 jobs were created in the last six months, and he estimated that 3,000 jobs would be created in the next year. He added that with increased marketing of the state, the number of visitors would increase and additional jobs would be created.

Emerging technology was addressed by an industry representative who stated that this sector has mostly recovered from the decrease in jobs that occurred during the recession.

Economic Sector Selection — Consensus Deliberation

After the six groups deliberated, reconsidered the estimates put forth during the morning session and determined estimated numbers of transactions needed to create new jobs, Mr. Lautman and Mr. Karpoff led the group in a discussion of the table (attached), and the council agreed to revise several figures. (See the column labeled "Taos 2" in the table, which reflects the revised figures.) The council also included estimated numbers of transactions necessary to achieve the proposed job-creation goals. (See the column labeled "Transactions" in the table.)

Following discussion of the table by the meeting participants, Mr. Karpoff asked participants to express their reactions to the day's meeting and work. One participant said that she believes that infrastructure will play a significant role in job-creation success. A council member said that he believes that New Mexico should not only compete with other states but should also invest in creative economic development efforts.

Mr. Lautman noted that it will take more than 10 years for the state to recover to 2007 economic levels, but the seeds for that recovery will be sown in the next three to seven years. He and Mr. Karpoff were pleased and encouraged to see that the number of jobs estimated at the council's second meeting (160,883) and the number of jobs that the six groups estimated could be created in the various sectors (162,100) so closely approximated each other.

Preview of Session Four (Geographic Distribution and Resource Gaps)

Mr. Lautman stated that at the September meeting, the council will be presented with a matrix showing the number of jobs needed and columns showing various factors of production, including internet access, capital, roads and housing. The council will consider and try to identify the issues that might need to be addressed at a local level to support job-creation efforts. Representatives from the various council of governments districts will participate in the council's September deliberations.

Public Comment

Fred Peralta, a Taos community leader, thanked the council for visiting Taos. He noted that communities in New Mexico need infrastructure and added that patience and tenacity are needed to see the results of economic development efforts.

Adjournment

There being no further business before the council, the third meeting of the Jobs Council for the 2013 interim adjourned at 3:42 p.m.

Potential Economic Base Sectors for the State						
Legislative Jobs Council Session 3 Taos, NM Aug. 8th 2013 10am						
<i>List of General Industry Sectors:</i>	<i>Sub-Sectors:</i>	<i>Suzan Reagan</i>	<i>Charles Lehman</i>	<i>Taos 1</i>	<i>Taos 2</i>	<i>Transactions</i>
Back Office Services (Call Centers)	<i>(Call Centers, Sales, Accounting, Procurement, and Payroll Services)</i>			5,000	25,000	70
Exported Services	Financial Services			25,000	15,000	1,500
	Research, Writing, Editing, and Publishing					
	Exported Information Services <i>(Broadcasters, Webmasters, Public Relations, Marketing, Social Media, Tele-Services,</i>					
	Environmental Services					
	Construction Management Services					
	Philanthropic Services					
Solo - Independent Work	<i>(Consultants, Writers, Artists, Digital Animators, Financial Advisors, Accounting, Design Services, Medical Transcription, IT Services, etc.)</i>			12,400	12,000	12,000
Integrated IT & Cyber (Non-Government)	<i>(Commercial Transaction Security, Software Engineering, Server Farms, Data Storage, etc)</i>			16,000	16,000	1600
Digital Media	<i>(Film, TV, Video Gaming & Testing, Modeling & Simulation)</i>			9,600	9,100	160
Visitor Driven	<i>(Cultural, Business – Conferences and Meetings, Space, Destination Entertainment, Ecotourism, Retirement Living, Transportation, Hospitality, Gaming,</i>			32,747	22,400	228
Emerging Technologies (Non-Government)	<i>(Optics/Photonics, Sensors, Biomedical, Water and Environmental Technologies, Bio-tech, Nano-Tech, Energy, Cyber-security)</i>			1,000	1,000	200
Manufacturing	<i>(Construction materials, Equipment, Aircraft Manufacturing and Repair, Electronics, Micro Electronics, Energy, Optics)</i>			15,000	15,000	506
	Transport, Warehouse, and Logistics (Export)					
Extractives	Energy and Extraction <i>(Energy Production Facilities, Natural Gas, Coal, Wind, Solar, Geothermal, Biomass, Nuclear, Other)</i>			10,000	10,000	250
	Oil and Gas <i>(Production, Transport, and Refinement)</i>					
	Mining					
	Uranium Processing					7
Agriculture, Food, and Forestry	<i>(Farming and Ranching, Vineyards & Productions, Production Greenhousing, FS, Processing and Packaging, Value-added Exported Services, Water, Arid Agriculture, Genetics, Food Security)</i>			3,000	3,000	186
Government	Federal Government <i>(USFS, Defense, Health and Social Services, Energy, Homeland Security, Education, Interior, Transportation, Commerce, Agriculture, HUD, Treasury, Environment,</i>			8,100	8,100	?
	Aerospace and Defense <i>(Unmanned Aerial Vehicles, Commercial Space Flight, Aircraft Modification, Aviation)</i>					
	Emerging Technologies (Public) <i>(Federal Labs-related, Research and Development)</i>					
	State Government					
	Federal Government Contract Services <i>(Staff Augmentation, System Integrators)</i>					
Health and Social Services	<i>(Federal Windfall, Hospitals, Home Health Care, Assisted Living, Dentistry)</i>			23,000	23,000	15,000
Education Services	Higher Education			2,500	2,500	25
Total		-	-	163,347	162,100	31,732
Difference		160,883		2,464	1,217	

JOBS COUNCIL
2013 Interim

Section 6

**AGENDA AND MINUTES:
SEPTEMBER 11, 2013**

Revised: August 30, 2013

**TENTATIVE AGENDA
for the
FOURTH MEETING
of the
JOBS COUNCIL**

**September 11, 2013
Daniels Leadership Center
New Mexico Military Institute
Roswell**

Wednesday, September 11

- 9:30 a.m. **Call to Order**
—Representative W. Ken Martinez, Speaker of the House of
Representatives, Co-Chair
—Senator Mary Kay Papen, President Pro Tempore of the Senate, Co-Chair
- 9:35 a.m. **Welcoming Remarks**
—Major General Jerry W. Grizzle, Superintendent, New Mexico
Military Institute
- 9:45 a.m. **Approval of Minutes**
- 9:50 a.m. (1) **Review of Process and Past Meeting Results; Introduction to Session
Four (Geographic Distribution and Resource Gaps)**
—Mark Lautman, Lead Program Consultant, Lautman Economic
Architecture
—Tim Karpoff, Facilitator, Karpoff and Associates
- 10:15 a.m. (2) **Geographic Distribution: Jobs and Transactions by Sectors —
Breakout Session #1**
—Mark Lautman, Lead Program Consultant, Lautman Economic
Architecture
—Tim Karpoff, Facilitator, Karpoff and Associates
- 12:00 noon (3) **Working Lunch — Plenary Session**
—Mark Lautman, Lead Program Consultant, Lautman Economic
Architecture
—Tim Karpoff, Facilitator, Karpoff and Associates

- 1:00 p.m. (4) **Geographic Distribution and Resource Gaps — Breakout Session #2**
—Mark Lautman, Lead Program Consultant, Lautman Economic
Architecture
—Tim Karpoff, Facilitator, Karpoff and Associates
- 2:00 p.m. (5) **Geographic Distribution and Resource Gaps — Consensus Deliberation**
—Mark Lautman, Lead Program Consultant, Lautman Economic
Architecture
—Tim Karpoff, Facilitator, Karpoff and Associates
- 3:00 p.m. (6) **Preview of Session Five (Policy and Program Recommendations)**
—Mark Lautman, Lead Program Consultant, Lautman Economic
Architecture
—Tim Karpoff, Facilitator, Karpoff and Associates
- 3:30 p.m. **Public Comment**
- 4:00 p.m. **Adjourn**
- 4:15 p.m. **Tour of the New Mexico Military Institute Campus (Optional)**

**MINUTES
of the
FOURTH MEETING
of the
JOBS COUNCIL**

**September 11, 2013
Daniels Leadership Center
New Mexico Military Institute
Roswell**

The fourth meeting of the Jobs Council (council) was called to order by Representative W. Ken Martinez, co-chair, on September 11, 2013 at 9:37 a.m. at the Daniels Leadership Center of the New Mexico Military Institute (NMMI) in Roswell.

Present

Rep. W. Ken Martinez, Co-Chair
Sen. Mary Kay Papen, Co-Chair
Ray M. Baca
Rep. Donald E. Bratton
Terry Brunner
Sen. Stuart Ingle
Beverlee McClure
Rep. Rick Miera
Rep. Debbie A. Rodella

Absent

Sen. Phil A. Griego
Sen. Michael S. Sanchez

Advisory Members

Rep. Mary Helen Garcia

Sen. William F. Burt
Rep. Stephanie Garcia Richard
Sen. George K. Munoz
Sen. Michael Padilla
Sen. John C. Ryan
Rep. Thomas C. Taylor
Rep. James P. White

Guest Legislator

Rep. Larry A. Larrañaga

Staff

Tessa Ryan, Staff Attorney, Legislative Council Service (LCS)
Raúl E. Burciaga, Director, LCS
Monica Ewing, Staff Attorney, LCS
Claudia Armijo, Staff Attorney, LCS

Guests

The guest list is in the meeting file.

Handouts

Handouts and other written material are in the meeting file.

Wednesday, September 11**Welcoming Remarks**

Major General Jerry W. Grizzle, superintendent/president of NMMI, welcomed the council and guests. He stated that NMMI is a significant employer in the state, has a \$34 million annual budget and generates \$50 million per year in business for Chaves County. NMMI has created 641 jobs. The Daniels Leadership Center was designed to be a backup emergency operation center for the county.

Representative Martinez recognized former Senator Timothy Z. Jennings, who addressed the group. Mr. Jennings thanked the council for visiting the southeastern part of the state. He noted that while other areas of the state are struggling, Eddy and Lea counties have so many jobs that housing is a concern. San Juan County has recorded unemployment as high as 25%.

Review of Process and Past Meeting Results

Mark Lautman, lead program consultant to the council, reviewed the day's agenda and the progress made at the council's previous meetings. He indicated that the council intends to test the figures at which it arrives by using the knowledge of statistical economic development experts, and he noted that Elizabeth Davis, research director, Economic Development Department (EDD), and labor economist Charles Lehman were in attendance to assist the council.

Mr. Lautman reviewed the five-step process that the council is following to assess job creation and economic development in the state. He noted that many groups creating economic development plans and strategies fail to address "economic predicament", which can help to identify the number and types of jobs needed. At the previous meeting in Taos, the council focused on economic sector selection. From a list of 14 economic sectors, the council worked to determine the number of jobs that could possibly be created in each sector over the next 10 years. Mr. Lautman informed the group that he has consulted with industry experts about the figures that the council arrived at in its first three meetings and that those experts have not identified any concerns with the council's numbers.

Geographic Distribution

Participants divided into groups representing council of government (COG) districts. Mr. Lautman said that the meeting would focus on geographic distribution and resource gaps. The focus would help to identify the number of jobs that could be created in each of the COG districts and the gaps in resources that might have to be bridged to allow for job creation. Mr. Lautman

emphasized that the groups should be concerned with economic development in the state, not just in individual districts. He added that the focus was at the COG level because, there, development issues could be best identified and addressed. Mr. Lautman also noted that it could be helpful for planning efforts if the legislature defined the state's COGs, economic development districts and work force districts in a uniform way.

Mr. Lautman stated that the council's next meeting, its fifth, would be an opportunity to make consensus decisions on how to scale the state's job-creation efforts. Mr. Lautman noted that the council does not have an aspirational agenda but, rather, is taking a strategic approach to identify job-creation efforts that can make a significant impact in the next three to five years. He added that the COGs and the EDD have been involved in the council's work to ensure that the process is as comprehensive and inclusive as possible.

In addition to identifying the number of jobs that might be created in the identified sectors in each of the COGs in the next 10 years, the groups' goal was to produce a list of factors of production that will have to be addressed to ensure those jobs' creation. Mr. Lautman explained the worksheets provided at each group's table, saying that each worksheet showed the proportion of the state's population within each COG. One approach to estimating the number of jobs that could be created in each COG was simply to attribute a pro rata share of the total estimated number of jobs to each COG; however, he said, it was preferable that attendees consider what is actually possible in each COG, given the district's existing or new infrastructure.

Mr. Lautman directed the groups to perform deliberations and complete worksheets to show the number of jobs that each COG might create in each employment sector. With respect to identifying factors of production that would influence a COG's ability to create jobs, Mr. Lautman asked the groups to be optimistic and to assume that there would be reasonable cooperation at the state and local levels to overcome or address factors of production. The numbers at which each COG arrived would be uploaded to a worksheet to be used to track the council's work.

Plenary Session

After deliberations, Mr. Lautman led a group discussion. He began by announcing that at the prior council meeting, the group estimated that approximately 162,000 jobs could be created in the state in the identified sectors. After that morning's COG-level deliberations, the groups estimated that the state could create 174,276 jobs in the next 10 years. Tim Karpoff, facilitator for the council, reviewed the COG's job-creation estimates and compared them with the estimates arrived at by council members and subject matter experts at the August meeting. Mr. Karpoff asked each COG group to report on its deliberations and estimates.

A representative from the northeastern/eastern plains COG district group reported that the group anticipated growth in manufacturing in Curry and Roosevelt counties. The group factored in an expansion to the area's cheese plant that could result in 300 new jobs. The group also estimated that 600 government jobs could result from an expansion of Cannon Air Force Base.

Further, 200 jobs in health clinics and hospitals, approximately 100 jobs in educational services and some construction jobs could result from the expansion. The total area estimate was 2,010 jobs.

A representative from the north central COG district group reported that the group's estimates closely approximated the actual pro rata share of jobs that might be expected from the COG. He reported that the group was confident that its estimate of 22,000 total jobs was reasonable.

A representative from the southeastern COG district group reported that an estimated 2,000 jobs could be created in the nuclear industry, with 450 jobs related to interim storage of waste, 50 jobs related to the expansion of URENCO and 1,000 construction jobs related to the URENCO expansion. A conservative estimate of 200 jobs could come from the oil and gas industry and 145 jobs from the new wing of Holloman Air Force Base. The total estimate was 13,931 jobs.

A representative from the mid-region COG district group stated that the region is the economic fuel for the state. The group noted that in some economic sectors, such as digital media, visitor-driven industries and government and universities, the region contributes more than 60% of the state's jobs, despite having only 43% of the state's population. The group attributed the fact to infrastructure and the high number of facilities in the region. The group anticipated that film and digital media would be strong job-creation sectors, while extractive and renewable energy would be weaker. The total estimate was 82,570 jobs.

The southwest and south central COG district groups worked together, combining the two regions, which, together, consist of seven counties. The group considered job creation by county and agreed that digital media, the universities and White Sands Missile Range would be key economic stimuli. The group anticipated that most job growth would occur in Dona Ana County and Santa Teresa. The total job estimate for the southwest COG district region was 3,495, and the total for the south central COG district region was 23,620 jobs.

A representative from the northwest COG district group noted that, like the southeast COG district, the northwest is an energy generator for the state. The group included representatives from the uranium industry, and group members identified growth potential from uranium mining. The northwest region has some of the highest poverty rates in the state, which translates to potential for growth. They anticipated growth in the areas of extractive, manufacturing, visitor-driven industries and agriculture. They noted that Durango, Colorado, is one of the top 10 locations for independent workers and that Farmington might benefit from its proximity to Durango. The group's total estimate was 26,650 jobs.

Mr. Karpoff asked Mr. Lehman how the council's intuitively derived data compared with statistical analysis. Mr. Lehman stated that he has performed economic consulting work for the University of New Mexico's Bureau of Business and Economic Research and for the Workforce

Solutions Department. He had conferred with both entities about the data and estimates emerging from the council's sessions, and thus far, the numbers were tracking closely with statistics. Three major areas in which the numbers differ are the extractives industry, health care and call centers. However, he said, the official data show that, overall, the council's numbers are reasonable.

Some participants commented in response to the reports from each COG district group. One participant noted that creating a single job is not easy, and in order to achieve this kind of job growth, the public and private sectors would have to focus and invest resources in programmatic efforts. Another participant stated that the group needs to consider that the national laboratories in the state will be losing jobs because the federal government is looking to streamline work in the laboratories. That could mean a loss of many jobs with average salaries of \$80,000 per year.

A participant expressed concern for rural areas, pointing out that the eastern plains COG district group estimated that only 1% of necessary jobs would be created there, despite the area having 4% of the state's population. He added that industries such as the extractive industries are subject to volatility from world events and could easily lose jobs quickly. The availability of affordable housing and child care were cited as other concerns.

Ms. Davis added that the EDD has been working on its five-year economic development plan for the state. She has been researching other states' job-creation strategies. States experiencing sustainable job creation are making investments, and the EDD's plan is focused on investment, particularly in the area of technology transfer. Secretary of Economic Development Jon Barela is also interested in making New Mexico the premier state for water research.

Resource Gaps

Mr. Lautman asked the groups to identify the major factors of production — the three most significant barriers to job creation — for each industry sector listed on their worksheets, starting with the two or three most important sectors in the region. He reviewed the various factors of production for the groups' consideration, which include capital, water and sewer infrastructure, bandwidth and data storage infrastructure, transmission infrastructure, roads and drainage infrastructure, power and gas infrastructure, public safety infrastructure, transportation, facilities, qualified work force, tax and regulatory issues, land inventory, building inventory, marketing and lead generation, sales and deal structuring, leadership and housing.

The groups broke up into deliberative sessions to consider factors of production.

Mr. Karpoff reconvened the groups and asked for reports from each on the factors of production identified in the region's most important sectors. The following was reported:

North central:

- **health and human services** — 1) qualified work force; 2) facilities; 3) leadership;

- **exported information services** — 1) broadband; 2) capital; 3) a qualified work force;
- **solo-work** — 1) tax and regulation; 2) broadband; 3) facilities; and
- **visitor-driven** — 1) marketing; 2) transportation; 3) facilities.

Southeast:

- **extractives** — 1) housing; 2) a qualified work force; 3) roads infrastructure;
- **visitor-driven** — 1) housing; 2) a qualified work force; 3) transportation; 4) water; and
- **manufacturing** — 1) housing; 2) a qualified work force; 3) infrastructure.

Mid-region:

- **visitor-driven** — 1) facilities; 2) marketing; 3) a qualified work force;
- **health and human services** — 1) qualified work force; 2) building availability; 3) tax and regulatory issues;
- **back-office operations** — 1) sales; 2) deal structuring; and
- **manufacturing** — 1) qualified work force; 2) capital; 3) water and sewer infrastructure.

South central:

- **manufacturing** — 1) qualified work force; 2) transportation; 3) water;
- **government** — capital; and
- **health and human services** — 1) bandwidth infrastructure; 2) a qualified work force; 3) tax and regulatory issues.

Northwest:

- **extractives** — 1) tax and regulatory issues; 2) leadership; 3) capital;
- **manufacturing** — 1) transportation infrastructure; 2) broadband; 3) a qualified work force;
- **integrated information technology** — 1) broadband; 2) capital; and
- **health and human services** — federal government investment.

Mr. Karpoff noted that a qualified work force and broadband infrastructure appeared to be important factors of production in almost all sectors.

Minutes

The council, without objection, approved the minutes of the second and third council meetings.

Adjournment

There being no further business before the council, and due to weather concerns, the fourth meeting of the Jobs Council for the 2013 interim adjourned at 3:27 p.m.

**Interim Jobs Council - September 11th - Roswell,
NM Factors of Production Review**

COG	Sectors Chosen	FoP Gaps and Barriers
Northwest COG	Integrated IT & Cyber Manufacturing Extractives	Broadband Broadband, Roads, Qualified Workforce Tax and Regulatory, Qualified Workforce,
North Central COG	Health and Social Services Exported Services Solo-Independent Work	Qualified Workforce, Facilities, Leadership Bandwidth and Data Storage, Capital, Qualified Workforce Tax and Regulatory, Bandwidth and Data Storage, Facilities
Mid-Region COG	Integrated IT & Cyber Visitor Driven Health and Social Services	Qualified Workforce, Bandwidth and Data Storage, Sales Facilities, Marketing, Qualified Workforce Qualified Workforce, Building Inventory, Tax and Regulatory
Eastern Plains COG	Solo-Independent Work Emerging Technologies Manufacturing	Broadband, Qualified Workforce, Housing Broadband, Qualified Workforce, Sales Sales, Qualified Workforce, Water
Southwest COG		
Southeastern COG	Visitor Driven Manufacturing Extractives	Qualified Workforce, Facilities, Leadership Transportation, Qualified Workforce, Housing, Qualified Workforce, Roads and
South Central COG	Manufacturing Government Health and Social Services	Water, Tax and Regulatory, Land and Building Inventory, Marketing and Sales Qualified Workforce Facilities, Qualified Workforce, Tax and Regulatory, Land and Building Inventory, Marketing and Sales

JOBS COUNCIL
2013 Interim

Section 7

AGENDA AND MINUTES:
OCTOBER 9, 2013

Revised: September 25, 2013

**TENTATIVE AGENDA
for the
FIFTH MEETING
of the
JOBS COUNCIL**

**October 9, 2013
Fort Bayard Room
Grant County Business and Conference Center
Silver City**

Wednesday, October 9

- 9:30 a.m. **Call to Order**
—Representative W. Ken Martinez, Speaker of the House of
Representatives, Co-Chair
- 9:35 a.m. **Welcoming Remarks**
—Dr. Joseph Shepard, President, Western New Mexico University
—Kim Clark, President, Grant County Prospectors
- 9:45 a.m. **Approval of Minutes**
- 9:50 a.m. (1) **[Review of Process and Past Meeting Results; Introduction to Session Five](#)**
—Mark Lautman, Lead Program Consultant, Lautman Economic
Architecture
—Tim Karpoff, Facilitator, Karpoff and Associates
- 10:30 a.m. (2) **[Policy and Program Recommendations — Breakout Session #1](#)**
—Tim Karpoff, Facilitator, Karpoff and Associates
—Policy and Program Recommendations Expert Panel
- 12:00 noon **Working Lunch — Plenary Session**
—Mark Lautman, Lead Program Consultant, Lautman Economic
Architecture
—Tim Karpoff, Facilitator, Karpoff and Associates
- 1:15 p.m. (3) **[Policy and Program Recommendations — Breakout Session #2](#)**
—Tim Karpoff, Facilitator, Karpoff and Associates
—Policy and Program Recommendations Expert Panel

- 2:30 p.m. (4) **Policy and Program Recommendations — Consensus Deliberation**
—Mark Lautman, Lead Program Consultant, Lautman Economic
Architecture
—Tim Karpoff, Facilitator, Karpoff and Associates
- 3:30 p.m. (5) **Preview of Session Six (Policy and Program Recommendations)**
—Mark Lautman, Lead Program Consultant, Lautman Economic
Architecture
—Tim Karpoff, Facilitator, Karpoff and Associates
- 4:00 p.m. **Public Comment**
- 4:30 p.m. **Adjourn**

**MINUTES
of the
FIFTH MEETING
of the
JOBS COUNCIL**

**October 9, 2013
Silver City**

The fifth meeting of the Jobs Council (council) was called to order by Representative W. Ken Martinez, co-chair, on October 9, 2013 at 9:49 a.m. at the Fort Bayard Room of the Grant County Business and Conference Center in Silver City.

Present

Rep. W. Ken Martinez, Co-Chair
Rep. Donald E. Bratton
Beverlee McClure
Rep. Rick Miera
Rep. Debbie A. Rodella

Absent

Sen. Mary Kay Papen, Co-Chair
Ray M. Baca
Terry Brunner
Sen. Phil A. Griego
Sen. Stuart Ingle
Sen. Michael S. Sanchez

Advisory Members

Rep. Mary Helen Garcia
Rep. Stephanie Garcia Richard

Sen. William F. Burt
Sen. George K. Munoz
Sen. Michael Padilla
Sen. John C. Ryan
Rep. Thomas C. Taylor
Rep. James P. White

Guest Legislator

Rep. Larry A. Larrañaga

Staff

Tessa Ryan, Staff Attorney, Legislative Council Service (LCS)
Raúl E. Burciaga, Director, LCS
Monica Ewing, Staff Attorney, LCS

Guests

The guest list is in the meeting file.

Handouts

Handouts and other written materials are in the meeting file.

Wednesday, October 9

Welcoming Remarks

Senator Howie C. Morales welcomed the council and meeting attendees to his home district. Dr. Joseph Shepard, president of Western New Mexico University (WNMU), also welcomed the council and stated that one of the most important functions of WNMU is its involvement with the local economy. Kim Clark, president of the Grant County Prospectors, greeted the council on behalf of the business leaders, educators and policymakers that make up her organization.

Minutes

The council, without objection, approved the minutes of the fourth council meeting.

Review of Process and Past Meeting Results; Introduction to Session Five

Mark Lautman, lead program consultant to the council, discussed the council's interim work to date and noted that at the council's last meeting, the group was working to finalize a tool to be used by lawmakers for ranking job-creation projects. In his review of the council's work up to that point, Mr. Lautman stated that the council had reached consensus on the interim council process and on the use of terms such as "economic-base jobs" and "economic development". He noted that the council's focus is on creating economic-base jobs because when those jobs are created, service sector jobs automatically follow.

Mr. Lautman stated that economic development planning is difficult, but nevertheless worthwhile so that the state has a way to organize discretionary resources and to invest in job creation. He also stressed the importance of the fact that the council's job-creation estimates are arrived at using the council's and meeting participants' own expertise. He said that allowing the meeting participants to deliberate on and arrive at their own estimates is as good, and possibly better, than asking economic development experts to provide data and information to the council. Mr. Lautman reviewed the job-creation estimates arrived at in previous council meetings.

Mr. Lautman noted that the council was considering nontraditional economic-base sectors, including independent work, health care and tourism. He added that the state's Economic Development Department and Council of Government (COG)-region representatives had been involved in the council's work from the beginning.

At the council's meeting in Roswell, council members developed lists of the three most important employment sectors in each COG district and then identified the three most important factors of production affecting job creation in those sectors. The meeting participants identified the need for qualified workers in nearly every employment sector. Ultimately, the council will take lists like those created by the COGs in Roswell and use data and research from the work force development industry to support the council's estimations.

At the council's sixth meeting, Mr. Lautman stated, the group would discuss work force issues and the other job-creation barriers that have been mapped by the council. The legislature, he said, needs to see that the funding it provides will be used in areas in which job-creation barriers have been planned for and identified.

Mr. Lautman noted that in order to ensure that investments are productive, it is important to identify in each sector procuring agents who are to be responsible for ensuring that jobs are created. He added that if a procuring agent for a given employment sector cannot be identified, then job-creation efforts in that sector should receive lower priority than those efforts in sectors with identifiable procurement agents. This prioritization can help direct investments to areas in which they will have the most impact. Procuring agents should: 1) have economic-base job creation as their primary mission; 2) identify specific economic-base sector targets, numerical job-creation goals and transaction metrics; and 3) have substantial financial and professional resources in the areas of marketing, lead generation, sales, deal structuring and product development.

Policy and Program Recommendations — Breakout Sessions

The council and meeting attendees divided into COG-region groups for the first deliberative session. Each group worked to identify lead procurement agents and regional procurement agents within their regions for each employment sector. The groups observed that private entities, while not always considered procuring agents, can be an important part of the process of job creation. A council member asked how to encourage job creation in the independent worker sector. Mr. Lautman responded that health and social services and independent workers do not currently have identifiable procuring agents, but various economic development agencies might be able to take on the work of supporting job creation in those sectors.

During a second deliberative session, Mr. Lautman asked the groups to assign ratings — from "0" to "3" — to the factors of production identified for each sector. A rating of "3" would designate a factor of production that, if not resolved, would eliminate job creation in a sector. A rating of "2" would be assigned if a factor of production were less critical, as in the need for additional capital. A rating of "1" or "0" would designate factors of production that do not pose significant obstacles to job creation. Assigning the ratings, he said, would help to identify the areas that most urgently should be addressed to ensure that the job-creation estimates that the council arrived at can be realized.

Policy and Program Recommendations — Consensus Deliberation

The COG-region work groups reported to the whole group on the outcome of their deliberations.

The Mid-Region COG district group reported having discussed whether an existing agency could modify its mission to include procurement of solo/independent worker positions.

The South Central COG district group stated that it had a hard time identifying a procurement agent for health and social services and exported services. The members added that manufacturing and government are strong areas in their district.

The Northwest COG district group noted that it is not always a government agency that could serve as the procurement agent; sometimes that role is filled by a private entity. The group noted that it might be possible to work with the private sector to procure jobs in a given employment sector.

The Southwest COG district group reported that the largest factors of production in the area are broadband access and housing availability.

The North Central COG district group reported that it was unable to identify many procuring agents but noted that there is a lot of opportunity in the area.

Mr. Karpoff iterated that there are many agencies working at job creation. After hearing reports from each COG region, Mr. Lautman confirmed that the whole group had trouble identifying procuring agents for exported services, independent work, emerging technologies, agriculture and health and social services.

Mr. Lautman informed the group that if the council is able to map job-creation priorities, then legislators will be able to trace economic development issues to the jobs that need to be created. He reviewed a list of sample criteria for selection and ranking of job-creation priorities. He explained that rural areas of the state are not always able to create jobs in every sector, so the council's selection and ranking tool provides a multiplier to account for the lower job creation in those areas. He discussed additional considerations, including return on investment and the risk of losing a transient employer.

At the next council meeting in Santa Fe, Mr. Lautman explained, the group would consider what actions the legislature might take in the coming session. The council could help provide the legislators with a methodology on job creation. A meeting participant expressed his support of the council's systematic planning efforts. He stated that the council's work involves planning for seven or eight New Mexico communities, and it is important that representatives from each region engage in the council's process.

Adjournment

There being no further business before the council, the fifth meeting of the Jobs Council for the 2013 interim adjourned at 2:44 p.m.

JOBS COUNCIL
2013 Interim

Section 8

AGENDA AND MINUTES:
NOVEMBER 8, 2013

**TENTATIVE AGENDA
for the
SIXTH MEETING
of the
JOBS COUNCIL**

**November 8, 2013
Santa Fe Community Convention Center, Ballroom F
Santa Fe**

Friday, November 8

- 10:00 a.m. **Call to Order**
—Representative W. Ken Martinez, Speaker of the
House of Representatives, Co-Chair
—Senator Mary Kay Papen, President Pro Tempore of
the Senate, Co-Chair
- 10:05 a.m. **Welcoming Remarks**
—David Coss, Mayor, City of Santa Fe
- 10:10 a.m. **Approval of Minutes**
- 10:15 a.m. (1) **[Review of Process and Past Meeting Results; Introduction to Session Six](#)**
—Mark Lautman, Lead Program Consultant, Lautman
Economic Architecture
—Tim Karpoff, Facilitator, Karpoff and Associates
- 11:15 a.m. (2) **[Legislative Job Creation Priorities — Determining Weighted Criteria](#)**
—Mark Lautman, Lead Program Consultant, Lautman
Economic Architecture
—Tim Karpoff, Facilitator, Karpoff and Associates
- 12:00 noon **Working Lunch**
- 12:30 p.m. (3) **[Framework for Evaluating Job Creation Initiatives — Breakout Session by Economic Base Sector](#)**
—Tim Karpoff, Facilitator, Karpoff and Associates
- 3:00 p.m. (4) **[Framework for Evaluating Job Creation Initiatives — Breakout Session by Investment Category](#)**
—Tim Karpoff, Facilitator, Karpoff and Associates
- 4:00 p.m. **Public Comment**
- 4:30 p.m. **Adjourn**

**MINUTES
of the
SIXTH MEETING
of the
JOBS COUNCIL**

**November 8, 2013
Santa Fe Community Convention Center
Santa Fe**

The sixth meeting of the Jobs Council (council) was called to order by Representative W. Ken Martinez, co-chair, on November 8, 2013 at 10:28 a.m. at the Santa Fe Community Convention Center in Santa Fe.

Present

Rep. W. Ken Martinez, Co-Chair
Sen. Mary Kay Papen, Co-Chair
Ray M. Baca
Rep. Donald E. Bratton
Terry Brunner
Beverlee J. McClure
Rep. Rick Miera
Rep. Debbie A. Rodella

Absent

Sen. Phil A. Griego
Sen. Stuart Ingle
Sen. Michael S. Sanchez

Advisory Members

Rep. Mary Helen Garcia
Rep. Stephanie Garcia Richard
Sen. Michael Padilla
Rep. James P. White

Sen. William F. Burt
Sen. George K. Munoz
Sen. John C. Ryan
Rep. Thomas C. Taylor

Guest Legislators

Rep. Roberto "Bobby" J. Gonzales
Sen. Timothy M. Keller
Rep. Larry A. Larrañaga
Rep. Dennis J. Roch
Rep. Luciano "Lucky" Varela

Staff

Tessa Ryan, Staff Attorney, Legislative Council Service (LCS)
Raúl E. Burciaga, Director, LCS
Monica Ewing, Staff Attorney, LCS

Guests

The guest list is in the meeting file.

Handouts

Handouts and other written materials are in the meeting file.

Friday, November 8

Welcoming Remarks

David Coss, mayor of Santa Fe, welcomed those present to the Santa Fe Community Convention Center and thanked the council for its work on economic development and job creation in New Mexico.

Minutes

The council, without objection, approved the minutes of the fifth council meeting.

Review of Process and Past Meeting Results; Introduction to Session Six

Mark Lautman, lead program consultant to the council, briefly discussed the council's work in its five previous meetings. He reiterated the council's goal — to develop a framework for ranking job-creation initiatives — and the process the council is following to achieve that goal. He added that while statewide job creation is a central concern for the council, the council's work has involved representatives of the councils of government because barriers to job creation are more easily identified and addressed at the county level.

Mr. Lautman stated that the council had estimated that 162,000 jobs would need to be created in the next 10 years to bring the state back to its 2007 employment levels. Because there are regional factors of production gaps in many employment sectors, the council has focused much of its work on identifying and ranking factors of production that, if unresolved, could prevent successful job creation. The two most pressing obstacles to job creation identified by the council are a lack of skilled workers and insufficient broadband infrastructure.

At previous meetings, the council worked to identify procuring agents who could be responsible for job creation in various employment sectors. Mr. Lautman added that the council discussed whether existing procuring agents have adequate staffing and resources to accommodate additional job-creation efforts, such as those contemplated by the council.

Mr. Lautman said that the day's goal was to select criteria that could be used by a legislator when considering how and whether to support economic development initiatives and programs. The council members and attendees were seated at tables representing various employment sectors.

Legislative Job-Creation Priorities — Determining Weighted Criteria

Participants received worksheets on which six sample criteria were listed, and Mr. Lautman asked each group to discuss the criteria and decide whether any criteria should be added or removed. He explained the six criteria as follows:

1. Number of Economic-Base Jobs at Stake. If a given initiative is not undertaken, how many jobs will not be created?

2. Procuring Agent in Place with Jobs/Transaction Metrics. Is there a person or agency that can receive funds and take action to create jobs?
3. Strategic Value Level, High-Value Target. What is the value of the jobs at stake? Sometimes higher value is placed on high-paying jobs; however, in some cases, an area may not have a qualified work force to fill certain high-paying jobs.
4. Leverage of Collateral Resources. Is there any other entity that will contribute money to the particular initiative? What will the impact on the initiative be if legislative or other funding is not appropriated?
5. Time Horizon Value. For example, if an initiative is related to early childhood education, the impact on the job market could take place as many as 20 years in the future.
6. Return on Investment Budget Impact. Consider how much money will be contributed and the number of jobs that will likely result from the investment.

Framework for Evaluating Job-Creation Initiatives — Breakout Session by Economic-Base Sector

After the groups discussed the proposed criteria, Tim Karpoff, facilitator for the council, asked the council members and attendees to report the results of their discussions.

The first group reported the following.

- The first criterion is important and should be included.
- The second criterion should be labeled "quality of jobs".
- Discussion of the third criterion included consideration of return on investment.
- Discussion of the fourth criterion related to procuring agents and considered whether procuring agents should be "economic development agents" throughout the state.
- The group believed it is important to understand the time horizon of a given initiative.
- The group discussed investment at length and also considered whether tax dollars would be raised.

The second group's representative noted that Legislative Finance Committee staff members are working to analyze economic development expenditures on a cost-per-job basis. He added that it is difficult to calculate those costs, but it is a worthwhile effort.

The third group's representative reported the following.

- With respect to the fourth criterion, it is important to have an understanding of how various sources of funding can be used together.
- With respect to timing and the fifth criterion, the group supported including a consideration of the term or time line of a project.

- The group decided to add a seventh criterion that would consider major development gaps related to work force and housing infrastructure.

The fourth group's representative reported that, with respect to the third criterion, it could be helpful to add justification as to why an initiative aims to solve a problem in a certain way.

The fifth group's representative reported that the group was generally supportive of the list of criteria, which could be a helpful tool for policymakers. The group discussed the importance of considering the outcome of *not* pursuing particular initiatives, in addition to considering the outcome of supporting an initiative. The group also suggested that it is important to consider whether a project makes use of existing talent in a community. Finally, the group emphasized addressing the populations that experience chronic joblessness in many communities in the state.

There was some discussion among participants following the reports. One participant noted that even if a particular initiative under consideration is not directed at work force development, it should still be considered if the initiative could indirectly enhance the skill set of workers in the state. Another participant commented that his group struggled with the fact that building economic development infrastructure, like the Spaceport, might not immediately produce jobs, but it is nevertheless an important development. His group discussed how to map infrastructure projects that could provide jobs outside of the 10-year time frame.

Mr. Lautman noted that if policymakers are trying to solve problems — such as a shortage of nurses — through legislation that supports educational programs at the state's universities, it could be helpful to be able to relate the legislation to the number of jobs at stake. Because of the documented shortage of nurses in the state, an initiative that addresses the shortage could receive higher priority because of its connection to a great number of jobs.

Mr. Lautman explained a graphic representation of three strategic approaches to job creation, over which communities and policymakers have varying levels of control. The first approach uses traditional programs, and policymakers have a high level of influence and ability to direct those programs. A second approach relates to "outlier" sectors for which no existing program or procuring agent exists. With respect to those sectors, policymakers might consider whether new programs could address those unmanaged outlier sectors to produce jobs. The third approach relates to unmanaged sectors for which no procuring agents exist and for which growth and job creation happen organically. He added that some percentage of job creation in the state will take place independent of any actions taken by policymakers.

Mr. Karpoff asked participants to assess what percentage of job creation in each employment sector might happen through an organic process and what percentage might come about only through initiatives that support existing programs or new programs. Mr. Lautman asked the groups to be prepared to describe any new programs contemplated.

After deliberations, representatives from each table reported the following percentages with respect to various economic sectors:

- **back-office services:** 90% of new jobs created through traditional programs and 10% of new jobs created organically;
- **integrated information technology:** 10% of new jobs created through traditional programs, 20% of new jobs created through new programs and 70% of new jobs created organically;
- **exported services and solo work:** 30% of new jobs created through new programs and 70% of new jobs created organically;
- **health and social services:** 60% of new jobs created through new programs and 40% of new jobs created organically;
- **government:** 20% of new jobs created through traditional programs and 80% of new jobs created organically;
- **education:** 10% of new jobs created through traditional programs, 40% of jobs created through new programs and 50% of new jobs created organically;
- **emerging technologies:** 10% of new jobs created through traditional programs, 25% of new jobs created through new programs and 65% of new jobs created organically;
- **manufacturing:** 67% of new jobs created through traditional programs and 33% of new jobs created organically;
- **digital media:** 90% of new jobs created through traditional programs, 5% of new jobs created through new programs and 5% of new jobs created organically;
- **visitor-driven:** 60% of new jobs created through traditional programs, 30% of new jobs created through new programs (specifically, international tourism programs focused on China, Mexico and Canada) and 10% of new jobs created organically;
- **extractives:** 10% of new jobs created through traditional programs, 40% of new jobs created through new programs (specifically, in the uranium industry) and 50% of new jobs created organically. Mr. Lautman noted that the group would need to consider what procuring agent would be responsible for procuring 40% of the new jobs through newly created programs; and
- **agriculture, food and forestry:** 10% of new jobs created through traditional programs, 50% of new jobs created through new programs and 40% of new jobs created organically.

Mr. Lautman explained that this exercise was intended to help the attendees think strategically about what initiatives will leverage job creation. He added that the afternoon

discussion would focus on what actions might need to be taken to bolster traditional programs and encourage job creation.

Framework for Evaluating Job-Creation Initiatives — Breakout Session by Investment Category

For the afternoon's deliberations, the room was reorganized into groups representing various factors of production gaps. Mr. Lautman asked the groups to deliberate on and think about actions the legislature might take through investments or program initiatives to contribute to job creation, and he asked them to address the following eight crucial factors of production gaps:

1. utilities;
2. bandwidth/broadband access;
3. transportation;
4. work force;
5. land and building inventory;
6. housing;
7. capital; and
8. tax and regulatory issues.

If a group identified a potential solution to a factor of production gap, Mr. Lautman asked that the group complete a worksheet entitled "Legislative Action Format" and include a proposed name for the initiative, a potential sponsor for the initiative and the relevant economic sectors. The worksheet also provided space for attendees to rank the proposed initiative based on the six criteria discussed during the morning sessions.

After the groups deliberated, Mr. Karpoff asked the council members and attendees to report on their discussions and present one suggestion with respect to each factor of production gap. The groups reported the following suggestions:

- **housing:** form a housing consortium;
- **tax and regulatory issues:** develop a way to evaluate the effectiveness and efficiency of proposed changes to regulations;
- **utilities:** implement a streamlined process for adjudication of water rights;
- **work force:** arrange for work force and education organizations and the Higher Education Department and the Public Education Department to collaborate and align work force needs with educational programs;
- **bandwidth/broadband access:** provide funding and direction to expand the feasibility of deployment of broadband throughout the state; and consider legislation that would require telecommunications companies to provide access for local communities;

- **transportation:** consider policy initiatives similar to those in Colorado, Utah, Arizona, Texas and Mexico, some of which relate to weight-distance taxes (the Department of Transportation notes that large trucks are causing significant wear to roads, and simply requiring additional axles on trucks could alleviate that problem through better weight distribution); consider the effect of rail access in New Mexico being eliminated if the state does not meet the rail system's needs; invest in infrastructure; build another port of entry between New Mexico and Mexico; and consider a tax like Oregon's, which is based on miles traveled per vehicle; and
- **capital:** invest in more infrastructure, including roads and water; create a closing fund for traditional programs and new programs; consider gap funding; and provide the State Investment Council with \$10 million to make loans or grants to encourage businesses to stay in the state.

Prior to the second afternoon deliberative session, Mr. Lautman explained that he contacted economic development entities throughout the state to determine the number and caseload capacity of the state's existing procuring agents. Based on the council's job-creation estimates and his research, it appears that there is an insufficient number of procuring agents who could contribute to creating 162,000 new jobs. He added that, in the past few years, there has been a decline in the number of people doing economic development work and this trend would have to be changed in order to ensure adequate job creation in the state.

The meeting was reorganized, and participants divided into four groups focused on: existing economic development; tourism; incubators and start-up enterprises; and outliers (for which procuring agents do not exist). The four groups deliberated and then reported the results of their discussions.

Outliers: This group reported that it discussed solo workers and comfort vacations and potential Economic Development Department and Tourism Department campaigns. The group noted that the state needs 3,600 new solo-worker jobs, and if the state could "recruit" 1% of approximately 360,000 visitors to the state, 3,600 jobs could be created. The group estimated that it could cost \$10,000 per job created and suggested that recruitment efforts could be made through "solopreneur" job fairs.

Incubators and Start-Up Enterprises: This group supported the idea of aligning emerging technology start-up enterprises with certified business incubators that could provide assistance. A cap could be placed on the amount of money and the amount of time each enterprise receives during its time in the incubator program. The group suggested providing funding for existing incubators, which would be responsible for administering this program.

Tourism: This group reported that there is a need for increased funding to support marketing of the state. The group discussed development of an online hospitality program, funded through the Tourism Department, to make entry-level tourism job training more accessible.

Existing Economic Development: This group developed four recommendations: 1) re-create a cooperative advertising program and adopt the approach used for tourism in the state; 2) increase regionalization of communities to improve leveraging of tourism dollars; 3) increase funding for New Mexico Partnership; and 4) fund a job-creation and closing fund.

Following the groups' reports, an attendee noted that she was impressed with the number of legislators who attended council meetings and showed an investment in job creation. Another attendee suggested that the state should emulate the approach used successfully by the Tourism Department.

Adjournment

There being no further business before the council, the sixth meeting of the Jobs Council for the 2013 interim adjourned at 3:59 p.m.

JOBS COUNCIL
2013 Interim

Section 9

AGENDA AND MINUTES:
DECEMBER 2, 2013

Revised: November 26, 2013

**TENTATIVE AGENDA
for the
SEVENTH MEETING
of the
JOBS COUNCIL**

**December 2, 2013
Room 307, State Capitol
Santa Fe**

Monday, December 2

- 8:30 a.m. **Call to Order**
—Representative W. Ken Martinez, Speaker of the House of
Representatives, Co-Chair
—Senator Mary Kay Papen, President Pro Tempore of the Senate, Co-Chair
- 8:35 a.m. **Approval of Minutes**
- 8:45 a.m. (1) **[Overview of Findings of the Transportation Infrastructure Revenue Subcommittee](#)**
—Representative Roberto "Bobby" J. Gonzales, Chair, Transportation
Infrastructure Revenue Subcommittee (TRANS)
—Representative Anna M. Crook, Member, TRANS
—Representative Larry A. Larrañaga, Member, TRANS
—Representative Edward C. Sandoval, Member, TRANS
—Members, TRANS
- 9:45 a.m. (2) **[Review of Jobs Council Process](#)**
—Mark Lautman, Lead Program Consultant, Lautman Economic
Architecture
—Tim Karpoff, Facilitator, Karpoff and Associates
- 10:15 a.m. (3) **[Overview of Findings of the Jobs Council](#)**
—Mark Lautman, Lead Program Consultant, Lautman Economic
Architecture
—Tim Karpoff, Facilitator, Karpoff and Associates
- 11:00 a.m. (4) **[Recommendations for Legislative Action](#)**
—Mark Lautman, Lead Program Consultant, Lautman Economic
Architecture
—Tim Karpoff, Facilitator, Karpoff and Associates
- 12:00 noon **Public Comment**
- 12:30 p.m. **Adjourn**

**MINUTES
of the
SEVENTH MEETING
of the
JOBS COUNCIL**

**December 2, 2013
State Capitol, Room 307
Santa Fe**

D The seventh meeting of the Jobs Council (council) was called to order by Representative W. Ken Martinez, co-chair, on December 2, 2013 at 8:35 a.m. in Room 307 of the State Capitol in Santa Fe.

Present

Rep. W. Ken Martinez, Co-Chair
Sen. Mary Kay Papan, Co-Chair
Terry Brunner
Sen. Stuart Ingle
Beverlee J. McClure
Rep. Rick Miera
Rep. Debbie A. Rodella

Absent

Ray M. Baca
Rep. Donald E. Bratton
Sen. Phil A. Griego
Sen. Michael S. Sanchez

Advisory Members

Rep. Stephanie Garcia Richard
Sen. Michael Padilla
Rep. Thomas C. Taylor

Sen. William F. Burt
Rep. Mary Helen Garcia
Sen. George K. Munoz
Sen. John C. Ryan
Rep. James P. White

Guest Legislators

Sen. Jacob R. Candelaria
Rep. Ernest H. Chavez
Sen. Carlos R. Cisneros
Rep. Sharon Clahchischilliage
Sen. Lee S. Cotter
Rep. Anna M. Crook
Rep. Roberto "Bobby" J. Gonzales
Sen. Ron Griggs
Sen. Timothy M. Keller
Rep. Larry A. Larrañaga
Sen. Clemente Sanchez

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Staff

Tessa Ryan, Staff Attorney, Legislative Council Service (LCS)
Raúl E. Burciaga, Director, LCS
Monica Ewing, Staff Attorney, LCS

Guests

The guest list is in the meeting file.

Handouts

D Handouts and other written testimony are in the meeting file.

Monday, December 2

Representative Martinez welcomed council members and guest legislators from the Transportation Infrastructure Revenue Subcommittee (subcommittee) to the meeting.

Minutes

R The council, without objection, approved the minutes of the sixth council meeting.

Overview of Findings of the Subcommittee

Representative Gonzales reported on the work of the subcommittee. He said that the subcommittee recognized the importance of new transportation technology used by local, state, national and international governments, including Brazil, China and Japan. Transportation infrastructure, he said, is as important as utilities, internet and other forms of infrastructure in the state.

A Representative Crook addressed the council, saying that the state's road conditions are worsening and that transportation revenue is decreasing. She stressed that these issues need to be addressed. She summarized a presentation made to the subcommittee on a "miles traveled" approach to transportation revenue and noted that New Mexico's gas taxes are among the lowest in the country.

Representative Larrañaga highlighted the low level of money in the State Road Fund and noted that in order to keep up with inflation, the Department of Transportation (DOT) needs 250% more funding. The department needs to perform \$630 million worth of road and bridge construction. Federal funding is unpredictable, and the department's lost buying power, due to insufficient funding, is significant. Other states are facing similar funding issues and are seeking legislation or ballot measures to address the issues. Wyoming and Vermont increased their gas taxes, and Oregon imposed road-use fees. Other revenue options include electronic vehicle taxes, toll roads and special fuel taxes. He acknowledged that new taxes and fees will be hard to implement in New Mexico without educating the public on the issue.

Senator Clemente Sanchez stated that job creation and state commerce depend on transportation revenue. The state cannot become an economic hub without better transportation infrastructure. He noted that the state's roads are in good condition compared with those in other states, but improvements are needed. The subcommittee's work built a foundation for creating solutions in the next year.

Representative Gonzales concluded the subcommittee members' report by saying that for every \$1 billion invested in highways, 27,800 jobs in construction and related industries are supported. He reiterated the importance of quick action to address transportation funding issues and added that any solution should be fair for everyone who will be affected. Legislation addressing natural gas and taxes on gasoline and diesel fuels is likely forthcoming.

Questions and Comments

A legislator opined that a resolution should not come from piecemeal legislation but, rather, through a substantial, long-term revenue stream.

Another legislator noted that the state is losing revenue through failure to collect fees and fines related to the trucking industry. Secretary-Designate of Transportation Tom Church stated that the Taxation and Revenue Department has collected \$1.8 million in fines for abuses related to trucking, but a study showed that the actual cost of those abuses is in the range of \$40 million to \$50 million, which represents a significant loss of potential revenue. Secretary-Designate Church added that there is a labor shortage at the state's ports of entries and that 70 additional full-time employees would be needed in order to keep the ports constantly open and managed. A legislator suggested that full staffing and funding for electronic readers on trucks could be part of a solution.

A representative of the DOT noted that the department spends \$168 million per year on debt payments, which results in lost buying power.

In response to a question, a member of the subcommittee said that the state is considering proposals related to using natural gas in state vehicles and school buses.

Secretary-Designate Church said he believes that most of the money dedicated to statewide transportation construction is paid to New Mexico companies, with the exception of a few Colorado and Arizona companies. He added that when the department considers companies for projects, the companies participate in a registration qualification process in which a company's home of record and financial information are examined.

A council member noted that Congress has provided surface transportation funding and that several federal agencies that work on transportation issues, including the United States Department of Agriculture, could help the state. Another legislator added that public-public (as opposed to public-private) partnerships are an effective development tool, in part because

governments are able to obtain financing at lower costs than private entities. Secretary-Designate Church added that the portfolio average interest rate for transportation projects is 4.6%.

In response to a question about the trucking industry and the impact of heavy loads on the state's roads, Secretary-Designate Church stated that New Mexico is one of the few states that continue to impose weight-distance taxes in addition to diesel taxes. He added that trucks are taxed through the international fuel tax agreement, and New Mexico receives a portion of the taxes paid through that agreement.

Review of Council Process

Mark Lautman, lead program consultant to the council, made a short presentation in which he reviewed the council's interim work, findings and recommendations for legislation.

Mr. Lautman provided an overview of the process and the logic model used by the council. He explained the deliberations and the decisions made at each of the council's previous six meetings. He emphasized that the council agreed to consider only economic base jobs — those that involve goods and services paid for by out-of-state consumers — in its job-creation deliberations. He added that the council agreed to include health care and other nontraditional economic sectors because of the potential for significant economic base job creation in those sectors. He underscored the inclusive nature of the council's work, which was intended to complement concurrent economic development efforts throughout the state.

Mr. Lautman reported that the job-creation estimates made by the council in its sessions had been reviewed by economic development experts who validated the council's estimates. He noted that the council's work and estimates were limited by the number and diversity of participants at each session.

Mr. Lautman reviewed some of the results of the council's deliberations. The council determined in its initial meetings that the state would need to create approximately 160,000 jobs in the next 10 years in order to restore the state to 2007 employment levels. In a subsequent meeting, the council considered the number of jobs that might be created over 10 years in 13 economic base sectors, and it estimated that 162,000 jobs could be created. The council dedicated time to determining which of those 13 sectors have active procuring agents — people or agencies responsible for job creation — who could be charged with ensuring that funding and resources produce additional jobs. The council found that several sectors — health and social services, exported services, solo/independent work, extractives, agriculture and educational services — had no active program approach or procuring agent.

Representatives from the state's councils of governments were invited to participate in the council's process. Mr. Lautman stressed the importance of gathering input from local representatives who are best situated to estimate the job-creation possibilities and obstacles in their communities.

Mr. Lautman reported that at its fifth meeting, the council began to consider legislative actions that could affect statewide job creation. The council deliberated on how investments in economic development could be used to maximize job creation. The council also developed a list of seven criteria that could be used to help evaluate legislative proposals for their impact on job creation.

Overview of Findings of the Council

The council considered its findings from each of the council's first five meetings.

D Session One. The council adopted three findings from the first session, which related to the work to be accomplished by the council and the council's focus on economic base jobs.

Session Two. The council adopted two findings from the second session. The first finding was the council's estimate that New Mexico needs to create more than 160,000 economic base jobs in order to recover to pre-recession employment levels. The second finding was that the state, whose business recruiting arm, New Mexico Partnership, aims to create 1,700 jobs per year, may be underinvesting in job creation by an order of magnitude.

Session Three. The council adopted the following five findings from the third session: 1) 162,000 new economic base jobs classified into 13 economic base sectors can be created in the state; 2) the state can generate the jobs required for the designated recovery; 3) the state must pursue job creation in every sector and execute job-creation measures quickly; 4) the state is not in a position to be selective about which economic sectors it will pursue; and 5) more than 95% of new economic base jobs will have to come from the private sector. A council member suggested, and the council agreed, that the time line used for the council's work should be adjusted from 2013 through 2023 to 2014 through 2024.

Session Four. The council adopted the following four findings from the fourth session: 1) the estimated number of economic base jobs potentially created in all districts and in all 13 economic sectors is 174,276; 2) potential economic base jobs created in each sector vary widely among the state's seven districts; however, "qualified workers", "infrastructure" and "sales and marketing capacity" were identified as the most significant factors of production gaps throughout the state; 3) few counties or communities perform the kind of assessments or engage in planning efforts that would help to inform the council in its assessments; and 4) development of a viable statewide assessment and planning model would require additional data from the state's communities.

Session Five. Following some discussion, the council adopted the following seven findings from the fifth session: 1) state and local economic development, tourism and business incubation organizations will be able to formally manage only a small number of the transactions that will be needed to create 162,000 jobs; 2) many of the 162,000 jobs will have to be generated organically rather than through traditional economic development approaches; 3) state and local economic development organizations, with their current capacities, would be able to manage only

about 20% of the 16,000 new jobs that would be created each year; 4) marketing and staffing budgets for state and local economic development organizations will have to be restored in order to enable the organizations to manage the council's estimated job-creation numbers; 5) six of the 13 economic sectors have no programs or procuring agents to aid with development and job-creation efforts; 6) the expansion of Medicaid and the federal Patient Protection and Affordable Care Act will result in the creation of economic base jobs in the state; and 7) detailed local level assessments will be necessary in order to design legislative actions to target factors of production gaps throughout the state.

During discussion on the session five findings, Mr. Lautman reminded the council that the creation of one economic base job will lead to two service sector jobs. Responding to a question about procuring agents for solo workers, he said that there are many opportunities for organizations, including research universities, to dedicate resources to become procuring agents for solo workers. He emphasized that resources should be allocated to organizations for procurement, especially when those organizations have local and private financial support.

Recommendations for Legislative Action

Mr. Lautman reported that at its sixth session, the council deliberated on potential legislative actions aimed at job creation. Those potential actions were organized into four categories and considered in turn by the council for adoption. (The legislative action proposals can be found in the "Session 7 Review of Final Report" and the "Legislative Actions" handout, in the section titled "Recommended Legislative Actions".)

1. Develop a Statewide Assessment and Planning Process

The council discussed five proposed legislative actions in this category and, following discussion, adopted all five proposals.

A council member suggested that assessments of infrastructure might be as useful as work force assessments. Mr. Lautman responded that the kinds of tools used to evaluate economic development proposals for job-creation possibilities could also be used to evaluate bills aimed at economic development through infrastructure improvements.

Another member raised the matter of whether government should be creating jobs or simply creating an environment in which jobs can be created. He added that the legislature can address factors of production gaps. A member responded by noting that the state's infrastructure is failing, and without quick action, the state may have to completely rebuild infrastructure.

A council member expressed optimism about community response to the council's work. He stated that he supported extending the council's work for one more year and working collaboratively with the councils of governments throughout the state. Mr. Lautman agreed that the process would be most effective if local communities were to collect data for use at the state level.

A member noted that the council's legislative web page contains links to economic development plans prepared by organizations throughout the state.

2. Expand and Improve Proven Programs

The council discussed eight proposed legislative actions in this category and, following discussion, adopted all of them. A member recommended that several of the proposals be introduced through a comprehensive job-creation appropriations bill.

A member asked about a proposal concerning closing funds. A representative from an economic development organization in Rio Rancho stated that closing funds can be used to encourage a company to locate in New Mexico. The funds could be used to assist a company by improving a building or providing training to expedite hiring, for example.

3. Develop New Economic Base Job-Creation Programs

The council discussed seven proposed legislative actions in this category. After discussion, the council agreed that the proposals would be adopted as part of the council's future action plan.

Regarding the second proposal, a member informed the council that the Legislative Health and Human Services Committee (LHHS) is working on creating a task force related to the state's health care work force. He suggested that the council's work could be coordinated with the work of the LHHS and that ineffective health care work force programs should be discontinued. Mr. Lautman added that it is possible that job creation in the health care sector will not need to be managed by a traditional economic development organization.

Regarding the third proposal, a member suggested that the state's universities might be able to help create pilot programs to address solo work opportunities. Another member added that an economic development organization in the middle Rio Grande region has already designed program modules for a pilot program aimed at solo work.

A member suggested that a study could be performed to identify strategies for helping companies that contract with the state and federal governments. She noted that there are many obstacles for companies bidding on government contract work, and a report on those obstacles and possible solutions could be presented to the council.

In connection with the fifth proposal, Mr. Lautman stated that the United States Forest Service is expected to spend a significant amount of money thinning the state's forests. That activity will create economic opportunities, especially for the state's rural communities. He added that the thinning provides opportunities in the wood, biomass, mill, wood pellet, wood pallet and wood chip industries, but traditional economic development work is not yet focused on those industries.

4. Improvements in Factors of Production and the General Ecosystem for Statewide Job Creation

The council discussed approximately 12 proposed legislative actions in this category and, after discussion, categorized all of the proposals as "works in progress" that the council would continue to develop.

Mr. Lautman informed the council that fewer suggestions and legislative proposals were received from meeting participants and council members with respect to the fourth category of proposals than for the other categories. He added that more specific proposals could be developed later.

A member noted that he had been considering post-performance programs, such as a program initiated in Utah by which parties are paid for state contract work and provided tax incentives only after the parties have fulfilled all of their contractual obligations. He added that there could be administrative issues that would have to be resolved if New Mexico instituted such a program. Another member suggested that dynamic scoring for contracting companies would have to be performed under a program like Utah's.

Evaluation Criteria

Tim Karpoff, facilitator for the council, reviewed the proposed legislation criteria and questions, which were developed by the council. He said that the intention of the list of criteria was to provide legislators with a tool to help them when considering economic development and job-creation-related legislative proposals.

Mr. Karpoff listed the following criteria for the council.

1. Moving the needle: how many economic base jobs are at stake?
2. Special impact: is there a special impact on a local community?
3. Return on investment: what will be the potential return on investment?
4. Accountability: is there a proven program and a procuring agent working on a plan with clear targets and realistic performance metrics?
5. Leveraged cooperation: what other resources are being leveraged?
6. Immediacy: how soon does this proposal move the needle on job creation?
7. Strategic intangibles: what is the overall strategic value of this proposal?

Public Comment

A few members of the public addressed the council at the end of the meeting. The first commenter stated that she believes that the most important issue for the legislature is to determine the state's role in helping private business. Referring to the millions of dollars provided to the film industry, she asked whether the state could provide incentives at that level and maintain funding for social programs. Representative Martinez thanked her for her attendance and comments.

A representative from the Southwestern Area Workforce Development Board also addressed the council. He stated that he and his colleagues were asked to participate in the council's work during the 2013 interim. He offered his organization's technical assistance for any continued work of the council. He added that he believes that the Job Training Incentive Program is an important economic development tool, whether it is used like a closing fund or as a program for customizing training.

A representative from the Southwest New Mexico Council of Governments thanked the council for asking the councils of governments to participate in the council's interim work.

D Representative Martinez thanked Mr. Lautman and Mr. Karpoff for their work with the council.

Adjournment

There being no further business before the council, the seventh meeting of the Jobs Council for the 2013 interim adjourned at 1:45 p.m.

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JOBS COUNCIL
2013 Interim

Section 10

FINAL REPORT

JOBS COUNCIL FINAL REPORT

December 19, 2013

INTRODUCTION

The Jobs Council (council) of the 2013 New Mexico legislature was formed in 2013 to:

- develop a framework for identifying job-creation priorities;
- ascertain: 1) the estimated number of jobs that would have to be created in order to return to pre-recession employment levels; 2) the economic sectors those jobs could come from and the regions in the state where they would likely be created; and 3) the factors impeding or prohibiting those jobs from being created; and
- begin building bipartisan consensus on legislative measures that could "move the needle" on job creation in the next five to seven years.

This report is organized into three parts:

Part I. Framework and Process:

A description of the council's composition, mission, goals and process.

Part II. Statewide Jobs Assessment:

A determination of the estimated number of jobs that need to be created in the stated time frame, the characteristics of those jobs and the impediments to their creation.

Part III. Potential Legislative Actions and Evaluation Criteria:

Legislative measures identified in the process that are likely to lead to job creation and criteria to evaluate those and other job-creation proposals.

Part IV. Criteria to evaluate the impact of proposed legislation on the likely creation or destruction of economic base jobs.

PART I: FRAMEWORK AND PROCESS

Special Nature of the Council

The New Mexico Legislative Council created the council as an interim council of the New Mexico Legislature. The council comprises leaders and members of the legislature and three public members.

Voting Members

Representative W. Ken Martinez, Speaker of the House of Representatives
Senator Mary Kay Papen, President Pro Tempore of the Senate
Ray M. Baca, Executive Director, New Mexico Building and Construction Trades Council
Representative Donald E. Bratton, House Minority Floor Leader
Terry Brunner, State Director, United States Department of Agriculture Rural Development
Senator Phil A. Griego, Chair, Senate Corporations and Transportation Committee
Senator Stuart Ingle, Senate Minority Floor Leader
Beverlee McClure, President and Chief Executive Officer, Association of Commerce and Industry
Representative Rick Miera, House Majority Floor Leader
Representative Debbie A. Rodella, Chair, House Business and Industry Committee
Senator Michael S. Sanchez, Senate Majority Floor Leader

Advisory Members

Senator William F. Burt
Representative Mary Helen Garcia
Senator George K. Munoz
Senator Michael Padilla
Representative Stephanie Garcia Richard
Senator John C. Ryan
Representative Thomas C. Taylor
Representative James P. White

Contract Team: Mark Lautman and Sal Perdomo of Lautman Economic Architecture, LLC, and Tim Karpoff of Karpoff and Associates composed the contract team hired to lead the council.

Recovery by 2024

The council agreed at its first meeting to focus on measures that would return the state to pre-recession employment levels within 10 years. At its final meeting, the council revised its target recovery year, 2023, to 2024 to reflect the fact that 2013 was coming to a close and that jobs-creation implementation measures could begin no sooner than 2014.

Potential Legislation

Though the development of new legislation was not an expressed goal of the council, the co-chairs challenged participants to generate ideas for legislative action that could spur job creation in the next five to seven years. Those measures could be introduced in future legislative sessions.

Session Format

The council met six times in day-long sessions, one each month from June through November, and at a seventh, half-day session in December. Most sessions were conducted in an informal workshop setting in which the council interacted with subject-matter experts and interested persons from throughout the state. At each workshop session, participants engaged in a series of facilitated, small-group discussions focused on reaching consensus on the session's topic questions. Those topics were as follows.

- **Session 1. Coherence:** What process should be used to understand and define the scale and nature of the problem?
- **Session 2. Predicament:** How many economic base¹ jobs are needed to reach pre-recession employment levels by 10 years from now?
- **Session 3. Economic Sectors:** How many jobs can be created in each economic base sector by 10 years from now?
- **Session 4. Geographic Distribution:** In what regions of the state will those jobs be created?
- **Session 5. Factors of Production Gaps:** What are the major impediments to creating those jobs?
- **Session 6. Programs and Policies:** What measures could lawmakers take to remove those impediments and otherwise spur job creation?

GOAL ONE: Develop a nuanced but straightforward framework for identifying job-creation priorities.
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Session 1. Coherence: What process should be used to understand and define the scale and nature of the problem?

The Process

In its first session, the council adopted a program model and process that was developed by Lautman Economic Architecture, LLC, and adapted for the council's use. The model had proved effective at the local level in facilitating economic development deliberations by diverse groups of stakeholders. Though not previously applied at the state level, the process was used by the council as the basis for dynamic, integrated-from-the-bottom-up planning.

¹See content under the "Focus on Economic Base Jobs" subheading on page 4 for a definition of "economic base".

That is, assumptions based at the level of a subdivision of the state could be altered later, thereby changing the statewide profile. For instance, an adjustment to a county's 10-year population projection, job-needs projection, industry-specific job creation ambitions or other data will alter its region's and the state's corresponding computations.

Focus on Economic Base Jobs

The council used "economic base" job creation as its primary metric. "Economic base" refers to jobs that yield goods or services that are sold outside of the state or, in the case of some federal jobs, that are mostly paid for by taxpayers in other states. Economic base job creation is the primary goal of most economic development strategies because economic base jobs attract "new" money needed for the state economy to grow. In other words, economic base jobs grow the "economic pie". It is widely held that one economic base job creates the demand for one to two new service sector jobs.

Comprehensive

In its assessment of the potential for economic base job growth, the council considered economic sectors frequently overlooked in state and local economic development strategies. The council included in its assessments the "outlier sectors" of tourism, independent or solo work, health care and federal government employment.

An Assessment, Not a Plan

Given that many state and local organizations are in the process of developing economic development plans, the council focused on developing a common, multilevel assessment and framework that would add value to — not compete with — state-, regional- and local-level planning. The council endeavored to make assessments that would be useful to other entities in their economic development efforts.

Cooperation, Collaboration and Inclusion

Council members were encouraged to invite subject-matter experts and stakeholders whom they thought would contribute to the sessions' deliberations. Some council members and members of the contract team solicited the cooperation of representatives of the following entities: the state's Economic Development Department, Tourism Department, Workforce Solutions Department and Economic Development Commission; the New Mexico Partnership; the Employability Council; the Tourism Association of New Mexico; the New Mexico Association of Regional Councils; each of the state's seven councils of governments; the state's local economic development organizations; the state's work force boards; business incubators; and Legislative Finance Committee staff. Sessions regularly drew approximately 50 participants.

In addition, the contract team solicited advice and data from a wide spectrum of experts in fields such as economic development, work force development, health care, utilities, business and education.

Transparency

When possible, the sessions were broadcast online. Members of the contract team were available for questions before and after each session and by phone, by email and in person throughout the interim. Background information was distributed to council members and other

participants prior to most sessions. A draft version of the minutes from each previous session was mailed to council members for their review.

Approved minutes, presentation handouts and other council-related materials are posted on the Legislative Council Service web site at http://www.nmlegis.gov/lcs/committee_detail.aspx?CommitteeCode=JOBS.

Consensus Approach

The council used a consensus approach for diagnosing the state's jobs predicament and sorting strategic near-term options. The consensus approach relied on the education, intuition, tacit knowledge and common sense of participants to ascertain key information.

Typically, in such a consensus approach, small-group discussions are followed by a short session in which the whole group attempts to reach consensus on a point. Besides being faster and less costly than many other economic development approaches to problem assessment, this approach allowed a large group of people with diverse interests to develop a shared language and framework to use in further deliberations. Importantly, the consensus approach was effective at compelling participants to think analytically about the job-creation process, and it allowed participants a sense of "owning" the results.

Limitations

The consensus approach to problem assessment and identification of economic development priorities is limited in some ways.

- Relying on the education, intuition, tacit knowledge and common sense of a small group of stakeholder-experts, rather than on data-driven analysis, limits the group's work product by the range of participants and the depth and style of their communication. To reconcile potentially gross inaccuracies, the contract team asked appropriate industry analysts, economists and demographers to vet the council's major assumptions and conclusions.
- For ease of management, participants used a statewide, economic base job metric. Some smaller entities' economic- and community-development agendas might fall outside of that metric. For instance, an "economic base" job in a small-community context — i.e., a job that yields goods or services sold outside of the community — might not constitute an economic base job in the state context. Although another metric could have been used, the council conceded that the statewide, economic base job metric was most important and appropriate.

Beyond process-related limitations, there was not enough time for the council to collect and process enough empirical data from the county and community levels to make many of the estimates integral to the fifth and sixth sessions' work.

Session One Findings

- The state needs to develop and implement a practical, comprehensive economic development planning model to help state and local leaders put critical job-creation initiatives before politics.
- The model emerging from the council's work integrates the key local, regional and state job-creation metrics needed to clarify state's economic development agenda. The model will be dynamic in that it can be adapted to correspond to future developments and provide information in real time.
- The primary metric used for the scope of this economic development assessment is "statewide, economic base job creation". Though that metric leaves many potentially worthy local economic development projects out of this assessment, the focus on the state's economic base needs is paramount because economic base jobs spur new economic activity and job growth.

PART II. STATEWIDE JOB CREATION

GOAL TWO: Ascertain: 1) the estimated number of jobs that would have to be created in order to return to pre-recession employment levels; 2) the economic sectors those jobs could come from and the regions in the state where those would likely be created; and 3) the factors impeding or prohibiting those jobs from being created.

Session 2. Predicament: How many economic base jobs are needed to reach pre-recession employment levels 10 years from now?

In the second session, participants deliberated on a series of questions concerning job-creation assumptions. Specifically, participants contemplated the composition of statewide, economic base jobs that would need to be created in order for the state to reach pre-recession employment levels by 2023 (later revised to 2024) and reached consensus on the following calculation.

New economic base jobs needed to:

- | | |
|---|-----------|
| • support new population growth | 34,763.0 |
| • close the current unemployment gap | 15,991.0 |
| • replace economic base jobs yet to be lost | 110,129.0 |
| • completely recover from the recession | 160,883.0 |
| • recover that loss proportionately by year | 16,088.3 |

Session Two Findings

In its second session, the council found that New Mexico needs more than 160,000 new economic base jobs in order to recover to pre-recession employment levels by 2023. That averages to about 16,000 new economic base jobs per year.

The total number of new economic base jobs needed to completely recover from the recession (160,883) was derived by: 1) estimating the number of jobs needed to support estimated population growth in the designated period; 2) adding to that figure the estimated number of jobs needed to reduce the unemployment rate to 4%; 3) multiplying the sum — which represents the total number of all jobs, both economic base and non-economic base, needed for the state to fully recover from the recession in the designated time frame — by .35 (the proportion of the total job-creation requirement that would need to be economic base²); and 3) adding to the result the estimated number of economic base jobs that are expected to be lost in the next 10 years and that will therefore need to be replaced.

A total of 34,763 new economic base jobs will be needed to support the population growth of 209,000 that the council estimated would occur between 2013 and 2023. Nearly 16,000 economic base jobs will be needed to close the current unemployment gap from an estimated 9% to the assumed "structural unemployment"³ rate of 4%. Assuming an attrition rate of 30%, more than 110,000 new economic base jobs will be needed to replace the economic base jobs yet to be lost.

Given that the success metric for the New Mexico Partnership — the official business recruiting arm for the state — is 1,700 per year, and that the state's annual requirement was determined to be approximately 16,000, New Mexico may be underinvesting in job creation by an order of magnitude.

Session 3. Economic Sectors Assessment: How many jobs can be created in each economic base sector by 10 years from now?

In the third session, participants focused on estimating the number of new economic base jobs that might be created in each economic sector. Participants used the assumption that there would be a reasonable level of strategic public-private support for creation of those jobs.

²As noted, it is widely held that one economic base job creates the demand for one to two new service sector jobs. Therefore, .35 is the approximate portion of all jobs that are classified as economic base.

³"Structural unemployment rate" refers to the percentage of people in society whose joblessness will not be cured by the availability of employment.

Economic Sector⁴	Jobs	Transactions	Approximate Number of Transactions Per Year
Back Office	25,000	70	7
Health and Social Services	23,000	1,500	150
Visitor-Driven	22,400	228	23
Integrated Information Technology (IT) and Cyber	16,600	1,600	160
Manufacturing	15,000	506	50
Exported Services	15,000	1,500	150
Solo/Independent	12,000	12,000	120
Extractives	10,000	250	25
Digital Media	9,100	160	16
Federal Government	8,100	?	?
Agriculture	3,000	186	19
Education Services	2,500	25	3
Emerging Technologies	1,000	200	20
Total	162,000		

Session Three Findings

- 162,000 new economic base jobs classified into 13 economic base sectors can be created in the state.
- The state can generate the jobs required for the designated recovery.
- The state must pursue job creation in every sector and execute job-creation measures quickly.
- The state is not in a position to be selective about which economic sectors it will pursue.
- More than 95% of the new economic base jobs will have to come from the private sector.

Session 4. Geographical Distribution: In what regions of the state will the economic base jobs that are needed to reach pre-recession employment levels by 10 years from now be created?

In the fourth session, participants divided into groups by council of governments district. Participants were asked to: 1) estimate the number of economic base jobs that could be created in the district in each of the 13 economic sectors; 2) estimate the average number of transactions

⁴Retirees who relocate from outside of the state and who spend their savings in New Mexico are an economic base source of revenue. However, "retirement" was not considered an economic sector in this assessment because those retirees most directly drive revenue, not job creation. It was noted that retirees who relocate to New Mexico could be considered in future assessments as a segment of the "visitor-driven" sector.

(defined as an employer expansion, a location or a start-up) in each economic sector that it would take to create those jobs; and 3) identify the top three factors limiting job growth in the district for each sector. "Factors of production" are the resources considered essential to the creation of economic base jobs. Those resources are: the availability of qualified workers; basic infrastructure, including broadband and data storage, roads, drainage and water; land and building inventory, including facilities; housing; tax and regulatory competitiveness; leadership; marketing, including sales; and capital.

District	Sector	Estimated Jobs	Factors of Production Gaps
North West			
	Integrated IT and Cyber	4,900	Broadband
	Manufacturing	5,500	Broadband; Roads; Qualified Work Force
	Extractives	6,100	Tax and Regulatory; Qualified Work Force; Leadership
North Central			
	Health and Social Services	4,000	Qualified Work Force; Facilities; Leadership
	Exported Services	2,050	Bandwidth and Data Storage; Capital; Qualified Work Force
	Solo/Independent Work	1,750	Tax and Regulatory; Bandwidth and Data Storage; Facilities
Mid-Region			
	Integrated IT and Cyber	8,800	Qualified Work Force; Bandwidth and Data Storage; Sales
	Visitor-Driven	13,200	Facilities; Marketing; Qualified Work Force
	Health and Social Services	13,800	Qualified Work Force; Building Inventory; Tax and Regulatory
Eastern Plains			
	Solo/Independent Work	70	Broadband; Qualified Work Force; Housing
	Emerging Technologies	100	Broadband; Qualified Work Force; Sales
	Manufacturing	200	Sales; Qualified Work Force; Water

**South West⁵
South East**

Visitor-Driven	1,050	Qualified Work Force; Facilities Leadership
Manufacturing	545	Transportation; Qualified Work Force; Housing
Extractives	9,686	Housing; Qualified Work Force; Roads and Drainage

South Central

Manufacturing	545	Water; Tax and Regulatory; Land and Building Inventory; Marketing and Sales
Government	2,000	Qualified Work Force
Health and Social Services	5,000	Facilities; Qualified Work Force; Tax and Regulatory; Land and Building Inventory; Marketing and Sales

Session Four Findings

- The estimated number of economic base jobs potentially created in all districts and in all 13 economic sectors is 174,276. That figure is 13,393 more than the consensus estimate arrived at in the council's second meeting, when it contemplated the same question, but in a statewide context.
- The mix of potential economic base jobs per economic sector varied widely between the seven districts. But "qualified workers", "infrastructure" and "sales and marketing capacity" were almost universally cited as critical factors of production gaps.
- Few counties or communities conduct the type of economic base job-creation assessments or planning that is needed to inform the council in its assessments.
- The development of a viable statewide assessment and planning model would require more refined data from the counties and their respective economic development, tourism and business incubator organizations.

Session 5. Factors of Production Gaps: What are the major impediments to creating the economic base jobs that are needed to reach pre-recession employment levels by 10 years from now?

⁵Because too few people with knowledge of the relevant issues about this district participated in the session, no conclusions were collected.

In the fifth session, participants were asked to refine their assessments of the major gaps in factors of production and determine those gaps' relative impact on job creation in each economic sector.

Participants deliberated on how much control or influence the state has over the creation of economic base jobs. Participants were then asked to estimate the percentages of jobs that: 1) could be created in each economic sector using the current array of proven program approaches and procuring agents; 2) could be created using program approaches not yet developed; and 3) would have to develop organically, i.e., outside of a managed or procured program effort, as a result of general improvements in the factors of production, the business climate and efforts to increase the rate of entrepreneur initiatives.

Participants also attempted to assess the capacity of existing marketing and prospect-management programs. Members of the contract team asked economic development program directors to help to develop a ballpark estimate of the average number of cases that an economic development professional should be able to procure and manage in a year.

After estimating the number of cases that economic development professionals in a district could manage, it was possible to estimate the gap in the number of extra full-time professional employees that would be required to procure the projected number of required jobs for each sector.

Session Five Findings

- Only a fraction of the transactions needed to produce the 162,000 new economic base jobs in the next 10 years can be formally managed by state and local economic development, tourism and business incubation organizations.
- By default, many of the 162,000 economic base jobs will have to be generated organically. Even if capacity is added to the state's proven, traditional approaches to job creation and new programs are developed to procure jobs in the outlier economic sectors, it is estimated that between one-half and one-third of all economic base jobs will be left to develop organically.
- The total capacity of all state and local economic development organizations is estimated to be enough to procure and manage only about 20% of the 16,000 new jobs expected to be required each year.
- That capacity has deteriorated dramatically during the past two decades at the state and local levels. Restoring marketing budgets and professional staffing are essential to increasing the rate of near-term job creation. That deterioration has left the state without enough resources to manage the creation of the 16,000 economic base jobs required each year.
- Six of the 13 economic base sectors are "program outliers". That is, no program or procuring agent to develop those sectors exists. Jobs in outlier sectors constitute

approximately one-third of the 162,000 jobs figure. The creation of jobs in many of these outlier sectors could be managed if a corresponding program approach were developed and a procuring agent were dedicated to implementing that program.

Outlier Economic Base Sector	Jobs
Health and Social Services	23,000
Exported Services	15,000
Solo/Independent Work	12,000
Extractives	10,000
Agriculture	3,000
Educational Services	2,000
Total	65,000

- An effect of the state's expansion of Medicaid under the federal Patient Protection and Affordable Care Act will be the creation of economic base jobs. Like military bases and national laboratories, most of the funding for Medicaid comes from taxpayers in other states. The expansion of Medicaid represents one of the next decade's few significant and imminent economic base job-creation opportunities that will benefit rural communities.
- More detailed and site-specific assessments will need to be conducted at the local level and processed at the regional level before legislative actions can be designed to target many critical factors of production gaps.

PART III. POTENTIAL LEGISLATIVE ACTIONS AND EVALUATION CRITERIA

GOAL THREE: Begin building bipartisan consensus on legislative measures that could "move the needle" on job creation in the next five to seven years.

Session 6. Programs and Policies: What measures could lawmakers take to remove the chief impediments to creating the economic base jobs that are needed to reach pre-recession employment levels 10 years from now and otherwise to spur job creation?

At its sixth session, participants discussed measures that lawmakers could take as part of a strategy to remove the chief impediments to, and otherwise promote, job creation. Those actions are categorized as follows.

- 1. Development of a statewide assessment and planning process.** This includes initiatives that clarify the state's economic development challenges and opportunities and unify state and local leaders in the pursuit of a common agenda.

2. **Expansion and improvement of proven programs.** This includes initiatives that produce or procure economic base jobs through existing programs or systems. For these initiatives, the number of new jobs created as a result of directing more resources to these programs and systems can be predicted or projected.
3. **Program innovation.** This includes initiatives that create programs to exploit promising economic sectors for which there is no program or procuring agent.
4. **Improvement in factors of production and the general ecosystem for statewide job creation.** This includes initiatives to remove major factors-of-production gaps — e.g., inadequate work force, infrastructure, facilities, housing, capital and tax and regulatory competitiveness — that impede job creation in target sectors. It also includes initiatives to accelerate the rates of entrepreneurship and business growth.

Participants generated the following ideas for promoting job creation. At its seventh meeting, the council adopted all of the suggestions listed in sets one, two and three. The council did not adopt the suggestions in set four; rather, it labeled them as measures that could either be pursued through legislation or set aside for further discussion.

1. DEVELOP A STATEWIDE ASSESSMENT AND PLANNING PROCESS

1.1 Continue the council process for another year in order to finish developing the process model and collect the local and regional data needed to refine the criteria for evaluating proposed legislative measures. Provide matching funding for the New Mexico Association of Regional Councils' efforts to integrate the councils of governments' and counties' economic assessments into a statewide model.

1.2 Develop a companion assessment and planning process that accommodates job creation and community development priorities for noneconomic base job development priorities.

1.3 Fund efforts by the Higher Education Department, the work force boards and the Employability Council to continue their work on the development of a work force gap forecast model. The model is being designed to identify the number of jobs that will be needed in the future (demand); the skills, knowledge and experience that those jobs will require; the education and training pipeline (supply); and the gaps in supply and demand.

1.4 Develop a jobs-impact model that would help decision-makers evaluate the impact of proposed legislation on the likely creation or destruction of economic base jobs.

1.5 Align the Economic Development Department's community, business and rural development team regions, the Workforce Solutions Department, work force development boards districts and the councils of governments districts to facilitate data collection, analysis, planning and accountability.

2. EXPAND AND IMPROVE PROVEN PROGRAMS

2.1 Rebuild New Mexico's state and local apparatus for sourcing and managing the development of new economic base jobs with proven program approaches.

2.2 Increase funding to the Economic Development Department for the New Mexico Partnership to use for marketing and hiring more full-time employees on a scale commensurate with prospect-development and caseload-by-industry targets.

2.3 Provide funding to the Economic Development Department for a cooperative marketing program to stimulate local prospect-development efforts. Funding should be on a scale commensurate with a region's job-creation-by-industry targets. Administer the program as a redefined Certified Communities Initiative.

2.4 Provide funding to the Economic Development Department for a cooperative program to increase staffing levels and provide state matching funds to local economic development organizations and tourism programs in need of additional professional staff and be on a scale commensurate with a region's targets to economic base job creation by industry. Administer the program as a redefined Certified Communities Initiative.

2.5 Create a discretionary closing fund for strategic economic development projects.

2.6 Provide funding to the Economic Development Department to increase the capacity of the state's incubators and enterprise development centers.

2.7 Provide funding to the Tourism Department for it to expand its marketing and to develop visitor-experience activities.

2.8 Write a letter to the State Investment Council asking it to increase its private equity investments. Increase funding to the Small Business Investment Corporation so that it may invest more in projects that create economic base jobs in target sectors.

3. PROGRAM INNOVATION

3.1 Form a consortium of New Mexico-based think tanks to focus on the development of new programs for outlier economic base sectors in which there is no program or procuring agent organization.

3.2 Health care. Provide matching funds for the development of a statewide strategic response to the expected surge in economic base job creation resulting from the expansion of Medicaid under the federal Patient Protection and Affordable Care Act. Strategic partners include universities, regional health care providers and local economic development organizations.

3.3 Solo work. Fund a series of pilot programs scattered throughout the state that focus on the starting up, expansion and recruitment of individual or mobile workers engaged in economic base activity. A business model for this sector — one of the fastest growing and

highest paying — has been developed. Funding and organizational support is required to test and expand the program. Strategic partners include tourism agencies, business incubators, economic development centers, small business development centers, colleges and universities, chambers of commerce and trade organizations.

3.4 Exported services and government contractor conversions. Fund a pilot program designed to expand and recruit small, start-up businesses that export their services out of state. Includes efforts to convert New Mexico's idled federal government contractors to private sector international exporters.

3.5 Forest restoration. Fund and support regional efforts to pilot a program to exploit the imminent federal investment in the restoration of national forests and to develop a cluster of new economic base enterprises in the biomass energy and small wood manufacturing sectors.

3.6 Nuclear task force. Form a statewide task force to assess the significant emerging opportunities for New Mexico to capitalize on the development of the next generation of nuclear energy product and services.

3.7 Procurement development. Form a public-private task force to develop a statewide strategy to help New Mexico's product and service providers capture an increasing share of the contracts offered by New Mexico's health care providers, federal government installations and energy producers.

4. IMPROVEMENTS IN FACTORS OF PRODUCTION AND THE GENERAL ECOSYSTEM FOR STATEWIDE JOB CREATION

Work Force:

4.1 Fund an expanded summer youth employment program.

4.2 Draft a memorial requesting the Workforce Solutions Department, the Higher Education Department, the Public Education Department, the State Workforce Investment Board and the Employability Council to create a soft-skills training program for New Mexico students and job seekers.

4.3 Draft a memorial requesting New Mexico colleges and universities to provide annual reports on hiring, salaries and job offers by college major.

4.4 Fund a physics early-education pilot program for middle schools.

4.5 Fund an online tourism training program.

4.6 Make "WorkKeys" one of the exit options for high school graduation.

Bandwidth:

4.7 Fund a capital outlay set-aside that requires telecommunications companies to partner with local businesses for existing fiber optic connections.

4.8 Fund the Department of Transportation to administer a rural deployment plan.

Housing:

4.9 Draft a memorial to have the New Mexico Finance Authority and the Economic Development Department study ways to alleviate the work force housing shortage in rural high-job-growth areas such as Lea and Eddy counties.

Power:

4.10 Improve transmission access to out-of-state markets.

Tax and regulatory competitiveness:

4.11 Adopt the Utah post-performance tax credit program.

4.12 Permanently fund the Job Training Incentive Program.

There were no suggestions classified under any of the following categories: transportation; rail; water; capital; or job-creation acceleration strategies.

PART IV. CRITERIA TO EVALUATE THE IMPACT OF PROPOSED LEGISLATION ON THE LIKELY CREATION OR DESTRUCTION OF ECONOMIC BASE JOBS

As part of the council's goal of identifying job-creation priorities, participants were asked at the sixth meeting to begin outlining criteria that legislators and others could use to evaluate the hundreds of ideas, recommendations and proposals for legislative action related to economic development. The council produced the following criteria and corresponding questions that can be considered in evaluating the degree to which an implemented idea or proposal is likely to create some of the more than 160,000 economic base jobs that the state would need to create to return to pre-recession employment levels by 2023 (later revised to 2024).

This tool is not intended to suggest that the creation of economic base jobs is the only goal in economic development or that proposals that do not meet these criteria should not be funded under a different rationale. Rather, proposals that do not meet these criteria should be understood as not having a direct, high-value impact on the statewide economic base jobs goals.

1. Moves the Needle: How many economic base jobs are at stake?

Rank: Very High - High - Medium - Low - None

Consider:

- whether the jobs to be created are statewide economic base jobs;
- the potential number of economic base jobs created if this measure is taken;
- the potential number of economic base jobs lost if this measure is not taken; and
- whether the measure will play a major "but for" role in reaching the 160,000 jobs goal.

2. Special Impact: Is there a special impact on a local community?
 Rank: Needed to Survive - Only Growth Option - Stabilizing - N/A
 Consider:
 - the potential to stabilize the economy of a struggling community;
 - the potential to stabilize an important and struggling industry; and
 - the potential to solve a critical factors of production gap (can replace or offset other criteria).

3. Return on Investment: What will be the potential return on investment?
 Rank: Very High - High - Medium - Low - None
 Consider:
 - the initial cost per job, the budget impact or both;
 - the projected increase to the state tax base; and
 - the projected increase to the local tax base.

4. Accountability: Is there a proven program and a procuring agent working on a plan with clear targets and realistic performance metrics?
 Rank: Very High - High - Medium - Low - None
 Consider:
 - the number of jobs created each year and their economic sectors;
 - the average number of transactions required (for marketing, closing, etc.); and
 - capacity: the estimated ratio of funding and full-time employees needed to procure and manage the transactions.

5. Leveraged Cooperation: What other resources are being leveraged?
 Rank: Very High - High - Medium - Low - None
 Consider:
 - matching local government investment and support;
 - matching private sector investment and support; and
 - public-private partnership.

6. Immediacy: How soon does this proposal move the needle on job creation?
 Rank: Very High - High - Medium - Low - None
 Consider:
 - the number of jobs produced in the short term (one to three years);
 - the number of jobs produced in the mid term (three to seven years);
 - the number of jobs produced in the long term (seven to 10 years); and
 - the number of jobs produced after 10 years.

7. Strategic Intangibles: What is the overall strategic value of this proposal?
 Rank: Very High - High - Medium - Low - None
 Consider:
 - the balance of benefits to rural and urban regions;
 - the potential to enhance the state's reputation;
 - whether the measure aligns with the skills and interests of current residents; and
 - the potential to increase the rate of entrepreneurship.