

Review of the Legislative Jobs Council 2013-2014

June 10, 2014

Interim Jobs Council Goals

- Consensus on a general framework that state legislators can use to prioritize job creation initiatives, programs and policies.
- Consensus on the minimum number of economic base jobs the state must create to get back to pre-recession employment levels by 2023.
- Consensus on the specific economic sectors the new jobs could come from.
- Consensus on the likely regional distribution of the new jobs by economic sector – (COG districts).
- Begin identifying the major factor of production gaps impeding economic base job creation at the regional level: workforce, infrastructure, facilities, housing, capital, marketing, sales, tax and regulatory competitiveness etc.
- Begin to identify and prioritize potential legislative initiatives

The NM Legislative Interim Jobs Council Process

Coherence:

Agree on the theoretical construct, nomenclature and process

Economic Predicament:

Agree on the number of new, economic-base jobs that must be created

Economic Sector Selection:

Agree on a ranked list of the sectors with the highest potential for generating the economic-base jobs

Geographic Distribution and Resource Gaps:

Agree on areas of the state in which the new, economic-base jobs are most likely to be created

Policy and Program Implications:

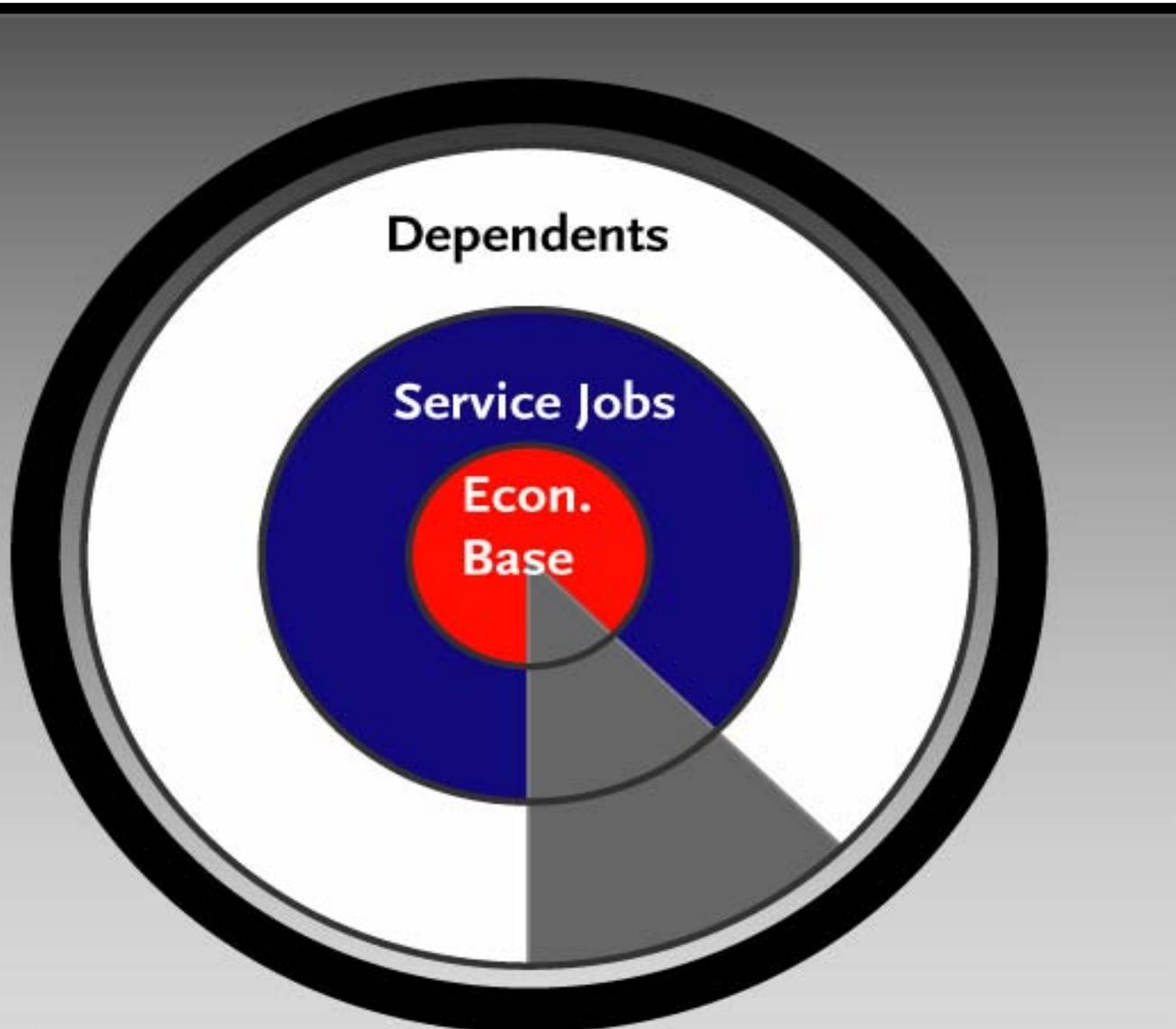
Agree on job creation program and policy initiatives needed to deliver the job numbers

June – December 2013

Coherence Decisions

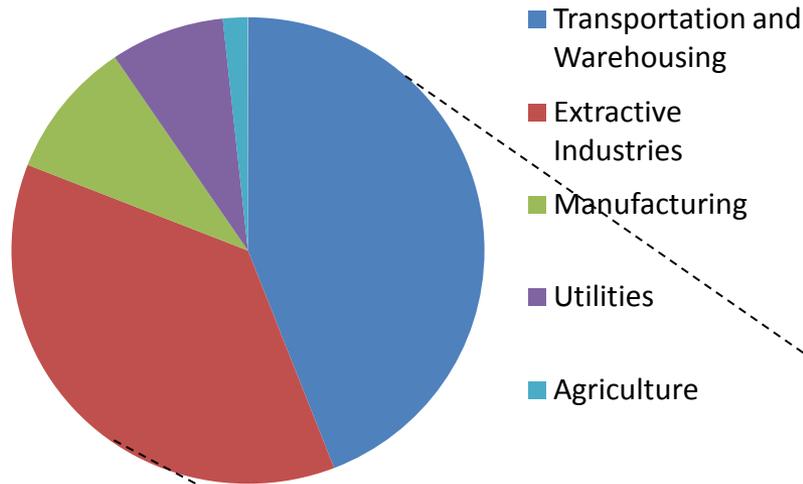
1. **Define Economic Development:** *Must grow the economy faster than the population*
2. **The Rationale for Planning:** *Why try to plan something we know can't be planned?*
3. **The Process:** *Predicament > Targets > Factors of Production > legislation*
4. **Clinical Intuitive:** *WAG but verify – Wisdom of Crowds*
5. **Program Ambition:** *Strategic-predictive, Opportunistic or Good Government*
6. **Planning Horizon:** *Mid term 10 years – moves the needle in 5-7*
7. **Primary Planning Metric:** *Measurable Economic base jobs*
8. **Comprehensive:** *Include outlier economic base sectors and program innovations*
9. **Assessment Not a Plan:** *Think > Plan > Do - Not telling anyone what to do*
10. **Inclusive:** *NMEDD, NMED Commission, COGs, Counties, State Workforce Boards*

Economic Base Jobs

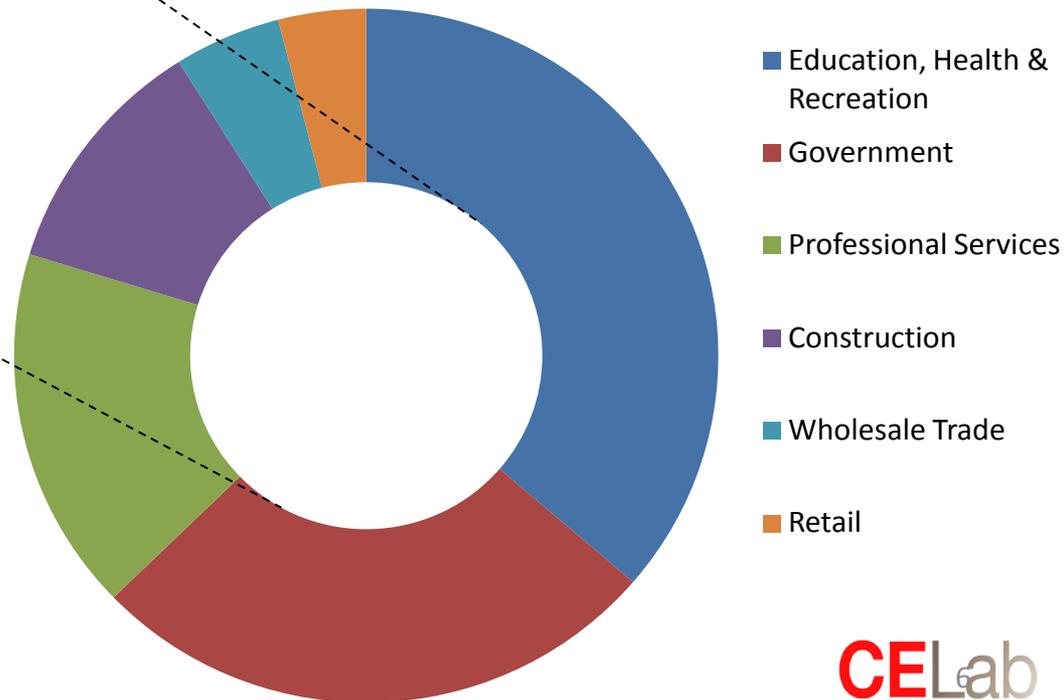


$E > P$

E Base Jobs*



Service Jobs



** Greater than 60% of revenue comes from exports*

6/10/2014

How many economic base jobs are needed to reach 2007 employment levels by 2024?

Support new population growth 34,763

Close the current unemployment gap 15,991

Replace economic base jobs yet to be lost 110,129

Total Economic base jobs needed = 160,883

Annual gross = 16,088

Predicament Matrix

	2013	2023	Calculus Used (2013)	Calculus Used (2023)	Decade Deltas (Δ)	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					16088	Average needed per Year
Program Reliant 6/10/2014						How many are procured by programs vs. automatically? 8

Economic Base Sectors

List of Economic Base Industry Sectors:

1. Back Office Services (Call Centers)

2. Exported Services

3. Solo - Independent Work

4. Integrated IT & Cyber (Non-Government)

5. Digital Media

6. Visitor Driven

7. Emerging Technologies (Non-Government)

8. Manufacturing

9. Extractives

10. Agriculture, Food, and Forestry

11. Government

12. Health and Social Services

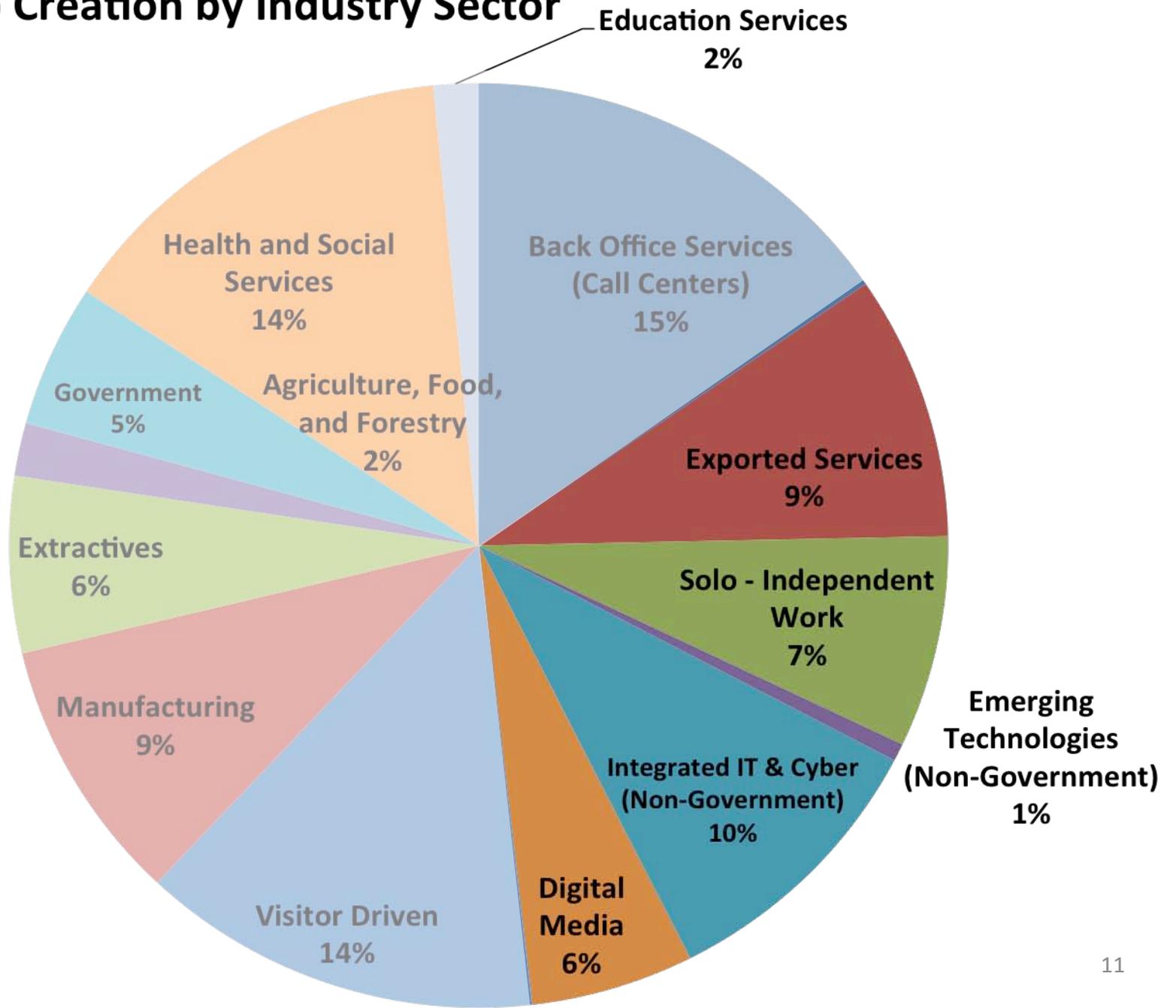
13. Education Services

State-wide Economic Base Jobs per Economic Sector

Legislative Jobs Council Session 3 | Taos, NM | Aug. 8th 2013 10am

List of General Industry Sectors:	Jobs	Transactions
Back Office Services (Call Centers)	25,000	70
Exported Services	15,000	1,500
Solo - Independent Work	12,000	12,000
Integrated IT & Cyber (Non-Government)	16,000	1600
Digital Media	9,100	160
Visitor Driven	22,400	228
Emerging Technologies (Non-Government)	1,000	200
Manufacturing	15,000	506
Extractives	10,000	250 7
Agriculture, Food, and Forestry	3,000	186
Government	8,100	?
Health and Social Services	23,000	15,000
Education Services	2,500	25
Total	162,100	31,732

10-Year Job Creation by Industry Sector



Worksheet 9

Legislative Jobs Council - Session 3 and 4 Results

COG Estimates vs. Statewide Estimates

	<i>Individual COG Estimated Total</i>	<i>Statewide Session Estimate Total</i>	<i>Difference between State and COG Estimates</i>
Back Office Services	13,790	25,000	-11,210
Exported Services	12,750	15,000	-2,250
Solo - Independent Work	11,240	12,000	-760
Integrated IT & Cyber (Non-Gov't)	16,100	16,000	100
Digital Media	7,280	9,100	-1,820
Visitor Driven	26,120	22,400	3,720
Emerging Technologies (Non-Gov't)	2,095	1,000	1,095
Manufacturing	20,995	15,000	5,995
Extractives	17,806	10,000	7,806
Agriculture, Food, and Forestry	5,740	3,000	2,740
Government	10,425	8,100	2,325
Health and Social Services	27,375	23,000	4,375
Education Services	2,560	2,500	60
Total	174,276	162,100	12,176

Potential Factor of Production Gaps

- Capital
- Infrastructure: Water & Sewer
- Infrastructure: Bandwidth and Data Storage
- Infrastructure: Transmission
- Infrastructure: Roads & Drainage
- Infrastructure: Power and Gas
- Infrastructure: Public Safety
- Transportation
- Land Inventory
- Building Inventory
- Qualified Workforce
- Housing
- Tax and Regulatory Issues
- Marketing and Lead Generation
- Sales and Deal Structuring
- Leadership

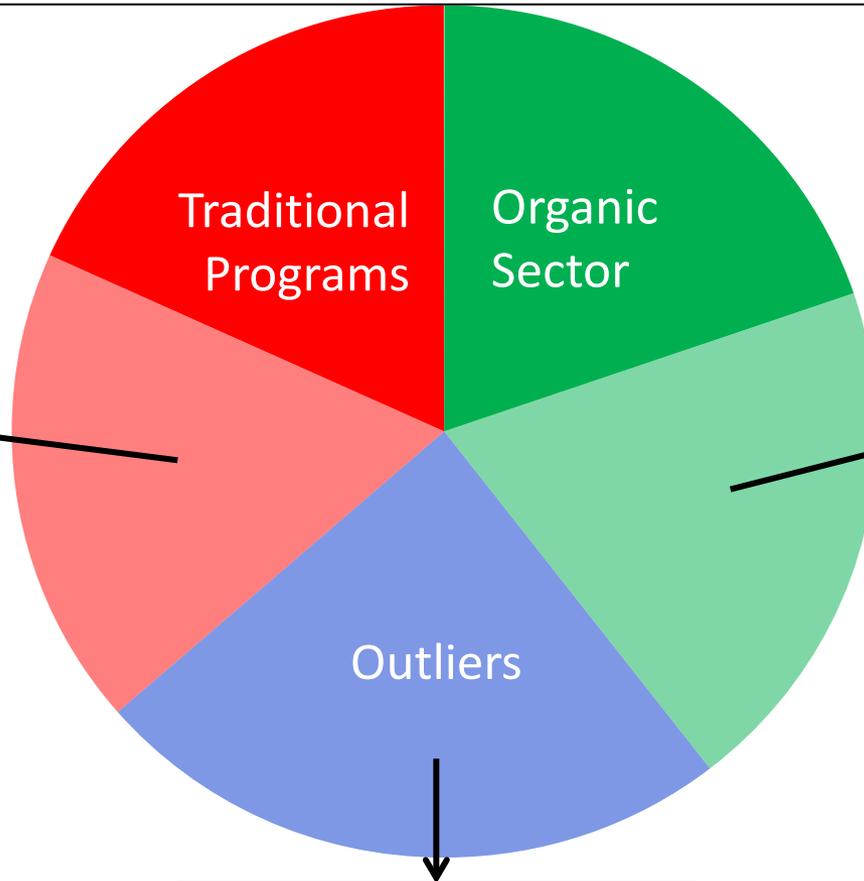
Worksheet 23 - Factors of Production Gaps - Regionally Aggregated

Economic Base Sectors	Marketing	Infrastructure	Land and Facilities	Capital	Labor	Housing	Competitiveness
Back Office Services	2	3	4		4		2
Exported Services	3	4		2	2		1
Solo - Independent Work	3	4	1	1	3	1	1
Integrated IT & Cyber (Non-Gov't)	1	4		2	4		1
Digital Media	3	6	1	1	2		
Visitor Driven	6	3		1	2	1	1
Emerging Technologies (Non-Gov't)	3	4	2	5	4		
Manufacturing	2	5	6	3	6		4
Extractives	1	4		2	5	1	2
Agriculture, Food, and Forestry	2	4	1	2	3	1	1
Government	3	5	2		5	1	1
Health and Social Services	3	4			5	3	1
Education Services	3	3		2	3		1
Total	35	53	17	21	48	8	16

10 year Economic Base Job Creation Estimates

Economic Sector	Jobs	Transactions	Transactions/yr
Back Office	25,000	70	7
Health & Social Services	23,000	1500	150
Visitor Driven	22,400	228	23
Integrated IT and Cyber	16,600	1600	160
Manufacturing	15,000	506	50
Exported Services	15,000	1500	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 Technology	1,000	200	20
Total	162,000		

Overarching
Planning – Analytics - Accountability



Plus-up
Proven Program
Approaches

Improve
Factors of
Production

Innovate New Programs

Actions Indicated

- 1. Get clarity, consensus** – actionable job creation assessment data from the local level.
 - Develop a statewide dashboard at County > COG district > State levels
2. Proportionally **scale state and local job creation apparatus** to meet transaction metrics – plus up existing *Recruiting, Expansion and Start up* programs that still work.
- 3. Innovate new programs** for outlier economic base targets – Solo work, Forest Restoration, Health and social services, entrepreneurship efforts
- 4. Cure major Factor of Production Gaps;** Qualified workers, infrastructure, Sales and marketing capacity, bandwidth, facilities, capital, tax and regulatory competitiveness, workforce housing

1. Get Clarity and Consensus

- 1. *Complete (institutionalize) the process***
2. Expand model to accommodate local e-base
- 3. *Workforce gap forecast model***
4. Legislative Jobs impact
5. Align state planning districts

2. Scale state and local job creation apparatus

- 1. *Rebuild state-wide job creation apparatus***
- 2. *NM Partnership***
- 3. *Co-op advertising***
- 4. *Co-op staff augmentation***
5. NMEDD staffing
- 6. *Discretionary closing fund***
- 7. *NM Tourism***
8. NMSIC increase private equity through SBICs

3. Innovate New Programs

1. Think Tank Consortia
2. Healthcare
- 3. *Solo Work***
4. Exported Services
- 5. *Forest Restoration***
6. Nuclear Taskforce
7. Procurement Development

4. Cure Major Factor of Production Gaps

1. **Workforce**
2. Bandwidth
3. Housing
4. Power
5. Tax and Regulatory Climate

2014 – 2015 IJC Program of Work

1. Perfect a Jobs Council Package for the 2014-2015 Session
June – Sept
2. Deliberate on new legislative initiatives for 2015-2016 Session
Sept - Nov
3. Get consensus needs assessments data from Counties
June - Nov
4. Build statewide dashboard for county, region and state data
July - Nov
5. Possible industry and factor of production gap work sessions
July – Nov

Evaluation Criteria

Importance:

1. Moves the Needle
2. Special Impact
3. Strategic Intangibles
4. Immediacy

Manageability:

1. Accountability Metrics
2. Return on Investment
3. Leveraged Cooperation

Criteria for Inclusion

2014 Legislative Package

1. Moves the needle and high manageability
2. Unanimous approval by Jobs Council
3. Strong legislative sponsorship both parties in both houses
4. Endorsement by appropriate cabinet agency
5. Strong statewide constituency support
6. Final draft complete by July 23rd meeting
7. Approval of appropriate interim committees by August 28

2014 Short List

1. NM Tourism ? \$
2. Workforce gap forecast model \$ 100,000
3. Middle School Physics Pilot \$ 200,000 one time
4. NM Partnership \$ 1.5 million
5. Co-op advertising \$ 2 million – 3 years
6. Co-op staff augmentation \$ 3 million – 3 years
7. Closing fund ? \$ 20 million
8. Solo-work pilot \$ 250,000
9. Forest Restoration pilot \$ 100,000
10. JTPA ? \$
11. Post Performance incentives

New Initiatives

- New Programs
 - Health and Social Services Sector
 - Exported Services – Federal Government Conversion
 - Procurement development
 - Nuclear power
- Factors of Production Gaps
 - Workforce Housing
 - Bandwidth
 - Capital
- See what develops from the County Assessments

Dashboard Development

County Level Job Needs Assessments

- County consensus estimates
 - Population > Economic base job needs > Jobs per industry sector > factor of production gaps > legislative prescriptions
- Program of work
 - 2-3 meetings for each COG over 5 months
 - Special industry sector work sessions
 - Special factor of production gap work sessions