

**MINUTES  
of the  
THIRD MEETING  
of the  
ECONOMIC AND RURAL DEVELOPMENT COMMITTEE**

**August 28-29, 2007  
Zia Conference Room  
San Juan College  
Farmington, New Mexico**

The third meeting of the Economic and Rural Development Committee (ERDC) was called to order by Senator Bernadette M. Sanchez, chair, on August 28, 2007 at 10:32 a.m. at the Zia Conference Room at San Juan College in Farmington, New Mexico.

**Present**

Sen. Bernadette M. Sanchez, Chair  
Sen. Mary Helen Garcia, Vice Chair  
Rep. Richard J. Berry  
Rep. Ernest H. Chavez  
Rep. Patricia A. Lundstrom  
Sen. John Pinto (8/29)  
Sen. William E. Sharer

**Absent**

Rep. Andrew J. Barreras  
Rep. Jose A. Campos  
Sen. Dianna J. Duran  
Sen. Phil A. Griego  
Rep. Dianne Miller Hamilton  
Sen. Clinton D. Harden, Jr.  
Sen. Richard C. Martinez  
Rep. Brian K. Moore

**Advisory Members**

Rep. Nathan P. Cote  
Rep. John Pena  
Rep. Debbie A. Rodella

Rep. Nora Espinoza  
Rep. Daniel R. Foley  
Rep. William J. Gray  
Rep. John A. Heaton  
Sen. Stuart Ingle  
Sen. Timothy Z. Jennings  
Sen. Carroll H. Leavell  
Rep. James Roger Madalena  
Sen. Steven P. Neville  
Rep. Andy Nuñez  
Sen. Lidio G. Rainaldi  
Sen. Shannon Robinson  
Sen. John C. Ryan  
Rep. Richard D. Vigil

(Attendance dates are noted for members not present for the entire meeting.)

**Staff**

Kate Ferlic  
Larry Matlock

### **Guests**

The guest list is in the meeting file.

### **Tuesday, August 28**

#### **Committee Business**

Senator Sanchez welcomed the committee members and guests.

#### **Report from Mayor Pro Tem George Sharpe**

Mayor Pro Tem George Sharpe welcomed the committee, saying that economic development feeds itself, bringing in industry that makes possible such facilities as those at San Juan College.

#### **Report on Student Preparation at San Juan College**

Dr. Carol Spencer, president of San Juan College, explained that the college is the second largest in the state. It serves a county with 5,500 square miles, one-third of which is in the Navajo Nation. Natural resources, including oil, natural gas and coal, provide a draw for industry, including coal-fired power generation plants.

Dr. Spencer spoke about the college's successful collaborative programs that partner with major automotive manufacturers, including General Motors, Toyota and Daimler/Chrysler. These programs train technicians, who spend eight weeks at the college followed by eight weeks of on-the-job training at dealerships, completing their certificates in two years. The recruitment for participating Toyota dealerships continues into other states, including Nebraska and Iowa.

Al Buyok, associate vice president for learning, described the college's mission of preparing students for certificates and associate degrees to meet the demands of the labor market. The nursing program has 202 students, with 107 of those in the associate's degree program. Thirty-seven students are training to be certified nurse assistants, and 38 are in the high school health occupations certification program. The nursing program is expected to raise capacity to include 24 new students each year. The college's nursing students have a 100% pass rate on their national board examinations.

The college has the only physical therapist assistant program in the state and has the only fully accredited two-year dental hygienist program as well.

Two new schools have been added — energy careers and health careers — of which energy is the fastest growing. Solar energy and other renewable energy sources will continue to grow, requiring more programs in the near future. Mr. Buyok hopes to make the college a regional center for industrial safety training as well.

The college needs more industry partners. Current partners include San Juan Regional Medical Center, Mesa Airlines and Public Service Company of New Mexico (PNM).

The School of Humanities helps students transfer to four-year institutions and also helps those that already have a four-year degree but want to change career paths. The school helps to prepare them to gain alternative licensure, including teaching certificates.

Other partners include local school districts, which send students for a half day of training.

Mr. Buyok stated that the college is ready to work with the Desert Rock power plant, if the project is approved.

The key to the college's survival is reacting in a timely manner to meet needs.

Representative Pena asked how the school developed its wide array of programs. Mr. Buyok explained that businesses in the community would approach the college with their labor needs and the college would develop programs to meet those needs. Representative Berry asked if the half-day programs with local schools would come to an end because of the requirements of the federal No Child Left Behind Act. Mr. Buyok said he would respond to that question at a later date. Representative Berry said he wants high school students to get training and take part in apprenticeship programs so that when they graduate, they could enter the workforce at a higher wage.

Representative Lundstrom asked if the college is still partnered with Intel. Mr. Buyok said the partnership has ended.

Mr. Buyok explained that programs do not qualify for funding under the funding formula until they have been in place for two years. Finding funding for new programs remains a challenge.

#### **Report on Air Service by Mike Miller, Farmington City Manager**

Mr. Miller explained that the City of Farmington is exploring ways to get and maintain air service after the announced departure of Mesa Airlines. The most critical need is for medical flights. The small aircraft needed to serve the city costs approximately \$2 million each. Airlines providing new service would need to be subsidized for two years at a cost of \$325,000 per year.

Because of Farmington's location in the northwest corner of the state, many hours are lost driving because flying is not an option. One solution would be to obtain grant money.

4

Representative Lundstrom suggested writing a letter to the Federal Aviation Administration, asking it to extend the grant period. She made a motion that the committee endorse a letter of support, but because a quorum was not present, no action was taken.

Representative Berry moved that the committee include helping the city subsidize a new airline in the committee's legislative recommendations at its last meeting of the interim. Representative Lundstrom seconded the motion, but no action was taken because of the absence of a quorum.

Senator Sanchez suggested that Scott Scanland present a bill on the subject during the committee's final meeting.

### **Report on Horseracing**

The State Racing Commission, represented by Julian Luna, director; Arnold Rael, chair; and Commissioner David "Hossie" Sanchez, gave a presentation on the status of horseracing. In addition to drafting the rules and regulations required by the Indian Gaming Compact, the commission has two applications in its office for new racetracks, Mr. Luna said. One is from the Pueblo of Pojoaque, which owns the Downs of Santa Fe, and one from a group out of Raton. He said that Tucumcari is also assembling an application. A discussion followed regarding separating the track from the casino at the New Mexico State Fair, and relocating the racetrack to Moriarty. Chairman Rael said the proposal had come from Paul Blanchard and his group, but that the commission had decided not to rule on it until the new regulations are in place.

Representative Lundstrom requested the criteria for site selection.

On further questioning about splitting the state fair's racetrack from its casino, Chairman Rael said the commission's attorney responded that as long as the state fair does not have a casino, it could still operate through simulcasting, but if it applies for a gaming license, that would constitute the sixth and final racetrack and casino allowed by the gaming compact.

Representative Lundstrom requested the commission's audits and annual report, which Mr. Luna said he would provide.

On the topic of continuing challenges to the commission, Mr. Luna said the most difficult is allotment of stalls. Chairman Rael gave the example of Sunland Park, which has 1,600 stalls available and over 6,000 applications for those stalls. Limited space is the biggest impediment to adding more stalls. Representative Rodella said she had complaints from constituents who did not get a stall and asked that preference be given to applicants from New Mexico. Chairman Rael responded that the commission asked the individual track operators to give preference to trainers and owners that had been operating in the state for many years.

Senator Sanchez asked the commission to come up with procedures and regulations regarding allotment of stalls to avoid charges of favoritism.

Brad Boehm and Byron Campbell, representatives of Sunray Park Racetrack and Casino, were joined by Lonnie Barber, director of racing, for a report on the track and casino.

Mr. Campbell said that the track's success depends upon lack of intense competition, which would end if the Navajo Nation opened its own racetrack and casino. He explained that

Sunray Park also suffers from a lack of stalls, with 1,100 stalls and 3,000 applications, and agreed that there needs to be a standard in place to ensure fair treatment.

Mr. Campbell warned that the last 10 years of the gaming compact will be difficult because of the cap on the number of tracks and casinos. Eventually, the industry will have applicants who have no place to race. One current problem the track faces is owners who choose not to run their horses at the last minute, which in the industry is called a "scratch". One individual would sign up for 20 races and scratch 10 of them, leaving an absence on the field. Full fields are necessary for good competition.

The committee recessed for lunch and reconvened at 1:30 p.m.

### **Education and Workforce Training in New Mexico — Dr. Reed Dasenbrock, Secretary of Higher Education**

Secretary Dasenbrock began his presentation by citing the educational progress of Canada and other nations. Their number of educated citizens continues to increase, while the United States remains the same, indicating a stall in the number of students with a higher education level. The comparison is startling, especially considering the progress of South Korea.

He referred to his handout, "Creating Pathways for Students through NM Higher Education", and cited difficulties in the student pipeline, especially a failure to complete high school. Of those that complete high school, approximately 40% do not continue on to college. Of the 50 states, New Mexico ranks forty-fourth in high school graduation rates, twelfth for attending college and forty-eighth for those who actually graduate college. He proposed an increase in work-study initiatives to remedy this.

Len Malry, head of the Workforce Education Division, helped Secretary Dasenbrock answer some questions.

Secretary Dasenbrock cited the need to speed up the approval process for new degrees, which is especially burdened by the difficulty of not getting funding until the degree program has been in place for two years. The state's funding formula is a lagging indicator, not a leading indicator. Letting small communities have access to intensive programs would be easier if the program were already offered at one of the larger institutions.

Representative Lundstrom asked about uniform transfer of credits, saying that everyone but the University of New Mexico (UNM) is willing to participate. Secretary Dasenbrock responded that he has presented the idea of uniform transfer of credit to President David Schmidly, who responded, "I don't see any problem". He added that UNM draws lines and refuses to cooperate. Secretary Dasenbrock said that higher education's failure to cooperate contributes to low educational attainment and recommended that the "feudal mentality" be dismantled.

Representative Lundstrom asked, "How are we going to tool up to meet the needs of communities?". Secretary Dasenbrock responded that he intends to seek an agreement on credit stacking and program hosting to bring degrees more quickly, as well as get help from Mr. Malry's Workforce Education Division to facilitate those conversations.

Representative Berry asked about the number of lottery tuition scholarship students who take remedial courses. Secretary Dasenbrock said that the rate of remedial courses is higher at the two-year schools, although that is not absolute. The state rate is 49% for remedial courses. New Mexico Institute of Mining and Technology has the lowest, at 25% to 30%. New Mexico Highlands University (NMHU) has a higher percentage than San Juan College. Students start remedial work at Central New Mexico Community College and then transfer to UNM. Community colleges are more focused on the needs of students who take those courses.

Secretary Dasenbrock cited the need for more interactive distance education courses so that every home can be a classroom. Representative Cote noted the lack of broadband internet access in many rural parts of the state. Secretary Dasenbrock said that the National LambdaRail network would help address that.

Senator Sanchez asked, "To what extent do the cabinet secretaries work together? You should look at all aspects because not all of our students will attend college". Secretary Dasenbrock replied that there is a new secretary of workforce solutions, a new secretary of economic development and a new secretary of higher education. They all need a comprehensive plan to use education to address economic development throughout the state without neglecting the issue of vocational training.

Mr. Malry said that the new Workforce Education Division would serve as the go-between, starting with the secretary of public education. The key is to form alliances allowing multiple entry and exit points and having apprenticeship programs available everywhere, especially in rural areas.

**Dr. Ferlin Clark, President of Diné College**

Dr. Clark presented his report on workforce development. His handout, "Creating Partnerships with Private and Public Industries", lists eight specific partnerships, including the International Union of Operational Engineers, BHP Billiton, the Navajo Agricultural Product Industry, the Institute for Tribal Environmental Professionals, the National Park Service, the Tribal Extension Office, the Natural Resources Conservation Service and Raytheon, Inc. Each of the partnerships is focused on training students in general, and Navajos in particular, to meet the labor needs in or around the Navajo Nation.

Ongoing challenges for the college include the fact that, although New Mexico lottery tickets are sold on the Navajo reservation, the students of Diné College are not eligible for the state lottery tuition scholarship. Also, 80% of the students are female and there is no child care available at the college. Eighty percent of the students come in at the remedial level, which is why the college is partnering with the New Mexico GEAR UP program.

Enrollment is just over 1,800 students, with six campuses in Arizona and two in New Mexico. The majority of the students are part time.

Diné College is accredited by the North Central Association of Colleges and Schools, the same as other colleges and universities.

### **Elmer Guy, President of Navajo Technical College**

Mr. Guy's handout, "The Workforce Development and Economic Development Strategy", lists six major strategies, including providing technical training for regional market needs; reforming curriculum to encourage experiential education, internship and research opportunities; identifying major economic development opportunities and building projects to take advantage of them; reaching out to Navajo students in high and middle schools to develop basic skills; using Navajo Technical College assets to attract high-growth industries to the Navajo Nation; and working toward development of a technology transfer strategy pioneered by major American universities.

The graduation rate each year is about 70%, and 50% of graduates get jobs.

Of those that complete the course requirements for a commercial drivers' license, only one has attended graduation because graduates get jobs so quickly.

Representative Pena suggested that the school attempt a partnership with Sandia National Laboratories and Los Alamos National Laboratory (LANL) to establish a program to clean up uranium contamination.

### **Dr. Jose Griego, President of Northern New Mexico College**

Dr. Griego's handout lists 13 economic development activities, including a biomass conference, an adobe conference, working with Rio Arriba County to recruit businesses to northern New Mexico, facilitating strategic planning, a community service learning program, satellite-based distance learning to eight high school districts, a wildland fire services training program and a host of collaborative partnerships.

The partnerships are with the Greater Espanola Valley Community Development Corporation, the Espanola Valley Farmers' Market, the Small Business Development Center, workforce training with community businesses, the U.S. Department of Commerce, the U.S. Forest Service, the New Mexico Department of Transportation, the Santa Clara Pueblo Forestry Division, the Rio Arriba County Detention Center, the Cumbres and Toltec Scenic Railroad, NMSU Cooperative Extension Service, LANL and NMHU.

Dr. Griego talked about the school's recent program for students to get their teaching certificates. This allows the surrounding area to have access to higher-quality teachers who fit in with the area's cultural background. The local high school has a dropout rate of 50% between the ninth and twelfth grades, and more and better teachers will help to address that.

Dr. Griego recommended a new program in project management that would be very useful to LANL.

Part of the school's training will focus on using affordable photovoltaic units to harvest solar energy, which will help PNM reach its goal of a 15% level of sustainable energy.

One major goal is establishing an agricultural science research center in Los Luceros.

The partnership with the Cumbres and Toltec Scenic Railroad will help to provide steam engine and locomotive machine repair for the railroad's maintenance program.

#### **Dr. Veronica Garcia, Secretary of Public Education**

Secretary Garcia and Dr. Melissa Lomax, bureau chief of career-technical education, presented the committee with two handouts, one showing the industry and industry-recognized certifications in New Mexico, the other showing certificates offered by New Mexico high schools that received Perkins funding in the 2007-2008 school year.

#### **Wednesday, August 29**

Senator Sanchez called the meeting to order at 9:05 a.m.

#### **Secretary Betty Sparrow Doris, Workforce Solutions Department (WSD) — The "Future" of New Mexico's Workforce**

Secretary Doris said the first challenge of the WSD is to ensure that every citizen who needs a job will have one. The WSD will help people develop the talent and the ability to secure and maintain a job, one that will allow them to sustain themselves and their families with a satisfactory quality of life. Many of them will need greater levels of training and education.

The WSD will do that by working collaboratively to get strategies through the system and down to the local level, while making sure that needs are being met in a responsive and efficient manner. Part of the vision for the department includes preparing individual job seekers by working with partners at the Public Education Department (PED) to cut the high school dropout rate.

The PED must have relevant programs so students can relate what they learn on a day-to-day basis to make a living and find employment and career growth when they leave high school.

Forecasting will be needed to keep up with emerging economies and job needs. If the state does this, it will be in a strong position to attract and keep the businesses it wants.

Secretary Doris listed five goals:

1. provide consistent, high-quality service and accountability that is responsible to job seekers, incumbent workers and businesses;
2. integrate workforce services to leverage resources and provide the best possible service;
3. ensure that all New Mexico youth in need of assistance, as well as dropouts, homeless people, youth in foster care and children of incarcerated parents, receive the training and support they need to succeed in post-secondary education;
4. provide adults who have barriers to education with life-long education and training in workforce services so they can be competitive; and
5. establish business as a primary driver of everything the state does to make sure needs are met with efficient and timely services.

**Ray Mondragon, Chair, New Mexico Economic Development Partnership (NMEDP)**

Mr. Mondragon, a former city manager for Clovis and a retired police chief, was joined by Lea Harrison, director of marketing and communications for the NMEDP.

Mr. Mondragon explained that the NMEDP is a public/private nonprofit trying to attract businesses to New Mexico. The NMEDP helps businesses find sites in New Mexico, serving as a resource during the decision-making process. By conducting short interviews to discover critical requirements of a business, it creates a package of information at no expense to the businesses or the communities, all in strict confidentiality.

He said that 5,900 jobs had been created since October 2003.

The newest, biggest client is Green Rubber Tire in Gallup. It was a six-month project that included actor/director Mel Gibson as one of its investors. The headquarters is in Albuquerque, and Rick Homans, former secretary of economic development, is the chief executive officer. The headquarters will relocate to Gallup eventually.

One of the most important goals is to get more businesses into the rural communities.

Ms. Harrison said the NMEDP helps train rural communities in how to give sophisticated information to businesses that might be willing to relocate, taking into account the local infrastructure, including the presence of a railway access, water and educational opportunities to train a workforce. She said the presence of trained workforce is one of the biggest challenges to recruitment, followed by the lack of infrastructure in small communities.

**Dr. James A. Fries, President, NMHU**

Dr. Fries apologized for not being able to attend the previous day's meeting. He noted the current unemployment rate of approximately 3.5%, which is as low as it gets. The challenge for education is to raise the quality and level of educational preparation.

He said that education is the biggest challenge and limitation in the state and that NMHU needs to be a key player. He cited programs in Farmington, Rio Rancho, Santa Fe and Espanola, as well as a social work program in Roswell. He mentioned distance education available through the internet, which brings education to students across the state. Forty percent of the enrollment at NMHU is at the master's degree level; there are no Ph.D. programs.

NMHU has an open admissions policy and is in the process of updating the curriculum. He noted that NMHU needs to be more visible to the school districts of northern New Mexico and must provide mentorship to teachers and assistants.

Claiming that the school of social work is the best in the state, he touted a dual degree program, which includes a master's of social work and a master's of business administration.

When asked about infrastructure problems, he said one of the biggest challenges is replacing steam lines. Although \$700,000 was spent patching the steam lines, NMHU will be back to request additional funding during the next legislative session. He hopes to use new technology and stand-alone systems until the steam lines can be abandoned entirely.

When asked about the success rate among students, he replied that it is not what he would like it to be, with a retention rate for freshmen of 9.8%, which is down from previous years. He mentioned that this is a factor of having an open admissions policy, which also means that a high percentage of students requires remedial courses.

He is very excited about a new program to provide four-year nursing degrees over a wide area of the state and that has hired a new faculty member with great experience.

The meeting was adjourned at 11:17 a.m.