

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

**November 12, 2014
Room 307, State Capitol
Santa Fe**

The sixth meeting of the Jobs Council (council) was called to order by Representative W. Ken Martinez, co-chair, on November 12, 2014 at 10:26 a.m. in Room 307 of the State Capitol.

Present

Rep. W. Ken Martinez, Co-Chair
Sen. Mary Kay Papen, Co-Chair
Rep. Donald E. Bratton
Sen. Phil A. Griego
Beverlee J. McClure
Rep. Rick Miera
Sen. George K. Munoz
Alex O. Romero

Absent

Ray M. Baca
Terry Brunner
Sec. Celina C. Bussey
Rep. Stephanie Garcia Richard
Sen. Stuart Ingle
Rep. Debbie A. Rodella
Sen. Michael S. Sanchez
Sen. Pat Woods

Advisory Members

Rep. Mary Helen Garcia
Rep. Patricia A. Lundstrom
Sen. Michael Padilla
Sen. John C. Ryan
Rep. Thomas C. Taylor
Rep. Don L. Tripp
Eric Witt

Sen. William F. Burt
Sen. Howie C. Morales
Sen. Steven P. Neville
Rep. James P. White

Guest Legislators

Sen. Timothy M. Keller
Rep. Larry A. Larrañaga
Sen. Nancy Rodriguez

Guest Member

Jose Garcia, Secretary of Higher Education

Staff

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

Minutes Approval

Because the council will not meet again this year, the minutes for this meeting have not been officially approved by the council.

Guests

The guest list is in the meeting file.

Handouts

Handouts and other written testimony are in the meeting file.

Wednesday, November 12

Representative Martinez welcomed the council and audience. The council approved the minutes for its October meeting without objection.

Forest Restoration Economic Development Assistance Program

Brent Racher, president of the New Mexico Forest Industry Association, informed the council of several forestry operations throughout the state and the need for additional resources to continue forestry restoration work. He noted the successes of the forest restoration programs in the southwest Jemez Mountains, the Sacramento Mountains, the Gila Wilderness, the Valles Caldera and the Zuni Mountains.

Mr. Racher said that his organization would seek an appropriation of \$250,000 during the 2015 legislative session to be used to match money from federal and local government forest programs. He emphasized that the funding would support the creation of economic-base jobs and that the request was modest to ensure that, prior to seeking more assistance, the money is efficiently and effectively used.

A member noted that some forest restoration programs have been delayed because of environmental concerns such as the endangered status of the spotted owl. Mr. Racher responded that forest restoration programs' long-term funding sources are used to address environmental concerns and federal regulatory requirements.

In response to a comment, Mr. Racher said that forest restoration efforts in Arizona, pursued through stewardship agreements, have been very successful and have received investments from large wood mills and from the biofuel industry.

New Mexico State University (NMSU) Science, Technology, Engineering and Mathematics (STEM) Training, Entrepreneurship and Diversity

Vicente Vargas, the state director of government affairs at NMSU, introduced a panel of presenters representing NMSU's STEM programs. He said that NMSU has worked to increase the participation of minorities in STEM-related fields.

Cristina Valdez-Abeyta, assistant director of NMSU's STEM Outreach Center, said that STEM-related jobs numbers are increasing at four times the rate of other jobs and that more than half of future jobs will require STEM skills. Ms. Valdez-Abeyta related statistics from the Workforce Solutions Department (WSD) that suggest that there could be 53,000 STEM-related jobs in the state by 2018.

Ms. Valdez-Abeyta emphasized that women and minority students are underrepresented among those who earn undergraduate degrees in STEM fields and that NMSU's STEM programs aim to increase participation of women and minorities. Among other approaches, the programs align STEM learning experiences with cultural values and offer opportunities for students to learn through mentoring about STEM-related careers from professionals.

Ms. Valdez-Abeyta highlighted several of NMSU's STEM programs and their successes. The Southern New Mexico Science, Engineering, Mathematics and Aerospace Academy creates partnerships among professionals, students and their families and offers learning lab experiences and a competition for high school students to design and build a moonbuggy. The Young Women in Computing Program has been actively encouraging young women and girls to pursue education and careers in computing. A participant in the Young Women in Computing Program, Samantha McGuinn, informed the council that after her experience in the program, she pursued a degree in computer science and won national awards for her work. She said that she will graduate without student debt. Finally, Ms. Valdez-Abeyta spoke about the success of the Innoventure Program, which offers middle and high school students an opportunity to design and build a product and create a business around that product. The program teaches innovation and entrepreneurship.

Marie Borchert, an education specialist with NMSU's Arrowhead Center, said that it is important that students learn STEM concepts and real-world applications for those concepts.

In response to a council member's question, Rebecca Galves, the program manager for the Center for Intelligent Smartgrids Technologies at NMSU, said that NMSU has worked with 4,500 teachers throughout the state to provide professional development for teachers who do not have a science background.

Several council members shared their experiences with science education and agreed that it is an important part of a curriculum. A member asked whether NMSU coordinates with private-sector industries, and the presenters responded that the programs connect students with industry representatives through conferences in the United States and in other countries.

A member said that it is important for minority students to have role models in science fields, and another member stressed the importance of peer support and student advisors and tutors.

Ms. Borchert said that NMSU's programs offer support for teachers who struggle to balance many responsibilities. The programs educate teachers on how to teach science in lessons that are engaging and fun for students.

A council member noted that if 53,000 new STEM jobs are created in New Mexico, the state will have made significant progress in its goal to return to pre-recession employment levels.

The council agreed, without objection, to support NMSU's funding request of a \$475,000 appropriation.

Update on the Regional Data-Gathering Process and the Online Jobs-Data Repository

Charles Lehman, director of the Employment and Economic Information Center of New Mexico, informed the council that he and the other council consultants continue to work on collecting statewide jobs data through regional meetings.

Tim Karpoff, facilitator to the council, added that the regional meetings are an opportunity to speak about jobs creation and economic development using a common language. This, he said, will ultimately help policymakers prioritize economic development proposals.

Mr. Lehman reported that regional meeting attendance has been strong and has consisted of representatives from a broad array of sectors and industries. He added that the data repository web site is functioning well and that the group is still determining how data will be added and revised once the web site is live.

Duncan Sill, economic and strategic development director for the North Central New Mexico Economic Development District, said that a primary concern is ensuring that the information on the web site is dynamic and can be translated into measurable outcomes. The goal is to create an accessible, regularly updated tool.

A council member asked whether the data repository, once complete, would be owned and operated by the legislature. Mr. Lehman said that the web site would either be maintained by the legislature or linked to its web site.

In response to a question about participation by the regions throughout the state, Mr. Karpoff said that he observed that many regions were excited about the efficacy of the jobs data-collecting process and that some regions simply did not have sufficient staff to allow full participation. Regional economic development entities could use additional resources, he said. A council member commented that regional entities are interested in data collection and in working to resolve factors of production gaps.

Several members expressed interest in carrying or supporting legislation that the council recommended during the 2014 interim.

Tourism Department Fiscal Year 2016 Budget Request

Monique Jacobson, secretary of tourism, discussed the importance of additional funding for her department. Tourism is a \$6 billion industry that brings significant tax revenue to New Mexico and offsets the household tax burden by approximately \$800 per household each year. Since 2010, tourism has created 5,000 new jobs with high growth potential. Nationwide, two out of every five tourism professionals start in entry-level positions and are ultimately promoted into jobs with salaries in the \$100,000 range.

Secretary Jacobson said that investments in tourism yield positive returns. She analyzed her department's budget and determined that money spent on trade shows and international travel were not providing good returns, so those efforts have not been prioritized. Instead, more than half of the department's budget is now spent on advertisements targeted to the types of visitors that come to the state.

Secretary Jacobson highlighted some of the department's low-cost advertising efforts, which include public participation in the New Mexico True campaign through social media. She added that if the department's funding is increased by \$3.5 million, as requested, the department will be able to dedicate 75% of its total budget, and all of the additional \$3.5 million, to advertising to even more potential visitors.

In response to a question about how the department tracks visitor numbers, Secretary Jacobson said that a researcher analyzes the types of visits to the state. She remarked that overnight visits are increasing and business travel is decreasing. New Mexico, she said, was formerly more of a "pass-through" state.

Secretary Jacobson noted that the New Mexico True campaign, which cost \$300,000, has helped rural and urban areas see double-digit percentages in tourism growth.

In response to a question about how target markets are identified, Secretary Jacobson said that the department analyzes areas with non-stop flights into New Mexico and whether New Mexico has something unique to offer to a particular market. The department also looks at advertising costs and has found advertising in airports to be a good strategy.

A member said that tourism funding could be supplemented using local and private funding. Secretary Jacobson noted that companies in the state are wrapping their trucks with the Tourism Department's brand.

Another member asked about the state's participation in Brand USA, and Secretary Jacobson said that New Mexico participates in Brand USA and other marketing opportunities that are free to states.

The council agreed, without objection, to support the Tourism Department's request for an additional appropriation of \$3.5 million.

Growth Potential for Aviation/Aerospace Industry

Jim Barker, general manager of AerSale Aviation, spoke to the council about economic development opportunities in the aviation and aerospace industries. Mr. Barker said that his company of 115 employees works in aviation maintenance, repair and overhaul operations in Roswell. The company, which employs mostly local people in well-paying jobs, wishes to expand by 50 to 70 employees.

Mr. Barker said that he is interested in collaborating with the City of Roswell to build a hangar to support work on 747 jets. He added that many hangars are controlled by legacy companies and that American Airlines currently sends its jets to China for maintenance. If the hangar is built in Roswell, 275 aviation-related jobs and 250 non-aviation jobs could be created in the area. Over 10 years, the economic impact of the hangar on the Roswell area could be \$4 million, and on the state, \$12 million.

Bill McMillan, president of the New Mexico Aviation Aerospace Association, said that maintenance checks of jets can take thousands of man hours, and if New Mexico had a hangar that could support that work, millions of dollars worth of business could be generated.

Mr. McMillan informed the council that New Mexico could become an important location with respect to the unmanned aerial vehicle (UAV) industry. He said that more UAVs have been launched from Otero County than from any other place in the country. He emphasized that companies wishing to conduct UAV testing are looking for the kind of rural areas and good airspace that is available in New Mexico. He added that the Spaceport offers many opportunities to the UAV industry.

Brad Hayden, president and chief executive officer (CEO) of Robotic Skies, Inc., said that his business is focused on commercial unmanned aircraft and said that drones are a new opportunity for the state. He said that he moved to New Mexico from the Bay area in California to pursue this business and emphasized that the drone market could benefit many small businesses trying to recover from the recession. He also remarked that it is unclear why New Mexico was not chosen as a federal UAV test center.

In response to a council member's question, Mr. Barker said that approximately 200 aircraft, including Boeing aircraft, are stored in the Roswell area. Additionally, testing and pilot training is conducted in and around Roswell.

A member asked how much it would cost to build a hangar to service Boeing 747 aircraft; Mr. Barker responded that a facility that could accommodate Boeing 747s and 737s would cost approximately \$14.5 million.

In response to a question, Mr. Hayden said that, when there are strong winds or other dangerous conditions, the use of drones can be safer than using aircraft piloted by people. A member commented that UAVs can be used for package delivery by FedEx and other companies and that encouraging UAV development in New Mexico could put the state at the forefront of the industry.

Mr. Barker said that the proposed hangar would be owned by the City of Roswell and that his company would lease it for 30 years.

A member asked whether a Google commercial facility would continue operations in Estancia, and Mr. McMillan said that the company broke ground at the Moriarty airport and tripled the size of the company.

A member expressed excitement about establishing New Mexico as a leader in the aviation and aerospace industry, just as New Mexico became a leader in the film industry.

In response to a question, Mr. McMillan said that there is interest in the Spaceport from global and domestic companies. He suggested that the area should be designated as a foreign trade zone.

Workers' Compensation System Challenges

Darin Childers, director of the Workers' Compensation Administration, provided background information on the workers' compensation benefit system, challenges presented by the system and possible legislative solutions to those challenges.

Mr. Childers said that the workers' compensation statutes lack clarity and that the incentives for injured workers to return to work have been eroded. He suggested that a revision to the law that addresses what happens when a worker is injured and drugs or alcohol are involved in the injury would help clarify the system and that it would also help to clarify the temporal or other limitations on temporary disability payments. He noted that a recent New Mexico Supreme Court decision has left this area of law ambiguous. Finally, Mr. Childers said that data show that outcomes for injured workers are better when the workers return to work with the same employer. A change to the system to encourage employers to make return-to-work offers of employment to injured workers could improve the system and save money.

Kevin McGinley, chair of the Advisory Council on Workers' Compensation and Occupational Disease Management, explained that the advisory council's membership is strong and diverse and committed to improving the system for employees and employers. He added that that would be one way for the state to help business owners. Another large-scale reform is not needed; rather, the system needs to be improved and maintained, he commented.

James Magoffe, vice chair of the Advisory Council on Workers' Compensation and Occupational Disease Management, told the council that he is passionate about legislation that would clarify aspects of the system related to drugs and alcohol.

In response to a member's question, Mr. Childers said no provision of the Workers' Compensation Act would prevent an employer from terminating an employee who returns to work intoxicated, but added that often an employee will be injured before an employer learns of the employee's intoxication. Mr. McGinley said that employers have significant exposure to liability for employees who are intoxicated on the job.

A member asked how the concerns highlighted by Mr. Childers have presented problems. Mr. Childers responded that following several court decisions, rules that were previously clear have become harder to interpret, and clarity in the system is needed.

A member noted that it is important to receive legislative proposals from a cohesive advisory council and asked that the advisory council members be available to discuss proposed legislation during the session. Mr. McGinley agreed that the advisory council faced difficulties in previous years, but said that the advisory council would be available to work on legislation during the session.

A member noted that, at one time, the labor industry did not feel adequately represented on the advisory council, and the member expressed appreciation that the advisory council is now more cohesive. He said that one result of revising the law by importing common law defenses is that common law damages will also be imported. He recommended that the advisory council look at earlier bills related to workers' compensation for guidance.

Solo Worker Program; Staff Augmentation Program; WorkKeys High School Graduation Test Option Program

Mr. Karpoff emphasized the importance of solo worker programs, which could help to create many economic-base jobs. He said that a solo worker program would consist of training, technology and business assistance. He added that the state's business incubators could be an important resource for a program.

Russell Wyrick, the state director of the Small Business Development Center (SBDC), indicated that the SBDC is interested in working on a solo worker program, saying that the program would allow small business owners to diversify and market their businesses to out-of-state customers.

A council member suggested that a solo worker program would need input from local areas regarding areas' specific business infrastructure needs. Mr. Lehman agreed and reiterated the great potential for economic-base job creation through the solo worker program.

Regarding the staff augmentation program, Mr. Lehman said that metrics will have to be developed to demonstrate its efficacy. Mr. Karpoff agreed that measurable outcomes of the program are a high priority.

Mr. Lehman described the WorkKeys Program as centered on an alternative graduation high school exam — a multiple choice test based on math and reading, offered at no cost to

students. He added that a bill on the subject was introduced during the 2013 legislative session and that the Public Education Department and the WSD were supportive of that bill.

Jamai Bliven, CEO of Innovate + Educate, said that her business is working with six other states on programs like WorkKeys, which is part of a national trend of implementing competency-based employment standards. Ms. Bliven said she has been working with Mayor Richard Berry of Albuquerque on a similar program and would be excited to see New Mexico implement the program successfully. It is important that students graduate from school ready for a career, she added.

Mr. Karpoff added that the Association of General Contractors and other private entities are supportive of the program. Mr. Lehman said that the actual test would be purchased with federal funding and the WSD would provide for the test to be administered in the state's work force centers.

The council agreed, without objection, to recommend a \$35,000 appropriation to the WSD for the WorkKeys Program.

Adjournment

There being no further business before the council, the sixth meeting of the Jobs Council for the 2014 interim adjourned at 6:04 p.m.