



NEW MEXICO LEGISLATIVE 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 four 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 & 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.

PART I. FRAMEWORK & PROCESS

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

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

PART I. FRAMEWORK & PROCESS

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.

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 workforce 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, workforce 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.

PART I. FRAMEWORK & PROCESS

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. Please refer to the following page for a visual calculation of these numbers.

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.

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.

PART II. STATEWIDE JOB-CREATION

	2013	2023	Calculus Used (2013)	Calculus Used (2023)	Decade Deltas (Δ)	Descriptions
Population Growth	2,091,000	2,300,100		10%	209,100	<i>Change in new population</i>
Workforce Participation	993,225	1,092,548	48%	48%	99,323	<i>Change in jobs for population growth</i>
Unemployment Rate	89,390	43,702	9%	4%	45,688	<i>Jobs to reach goal unemployment rate</i>
Employment Rate	903,835	1,048,846	91%	96%	145,011	<i>Total jobs needed at goal employment rate</i>
E-base Jobs Rate	316,342	367,096	35%	35%	50,754	<i>E-base needed for full employment</i>
E-base Attrition Rate		110,129		30%	110,129	<i>To replace E-base jobs lost</i>
Total E-base Needs					<u>160,883</u>	<i>Total E-base jobs needed</i>
Annual E-base					16,088	<i>Average needed per year</i>
Program Reliant						<i>How many are procured by programs vs. automatically?</i>

Session 2 - Predicament Matrix

PART II. STATEWIDE JOB-CREATION

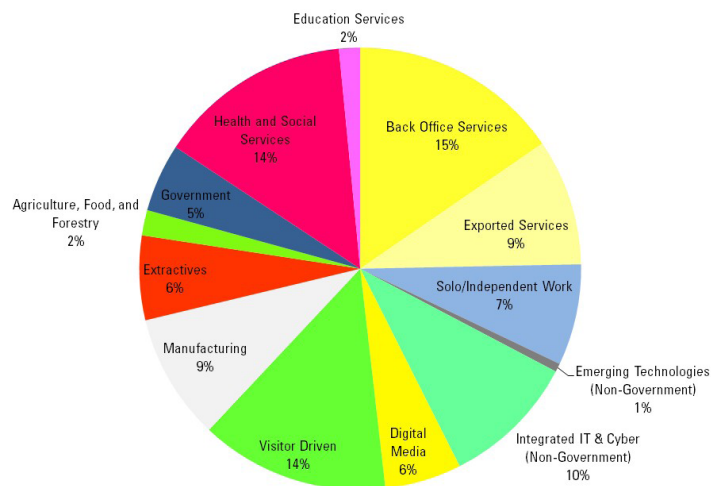
SESSION 3. Economic Sectors Assessment: How many jobs can be created in each economic base sector 10 years from now?

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 the creation of those jobs.

Economic Sector ⁴	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.



10-Year Job-creation by Industry Sector

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.

PART II. STATEWIDE JOB-CREATION

SESSION 4. Geographical Distribution: In what regions of the state will the economic base jobs that are needed to reach pre-recession employment levels 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 (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
Northwest	Integrated IT and Cyber	4,900	Broadband
	Manufacturing	5,500	Broadband; Roads; Qualified Workforce
	Extractives	6,100	Tax and Regulatory; Qualified Workforce; Leadership
North Central	Health and Social Services	4,000	Qualified Workforce; Facilities; Leadership
	Exported Services	2,050	Bandwidth and Data Storage; Capital; Qualified Workforce
	Solo/Independent Work	1,750	Tax and Regulatory; Bandwidth and Data Storage; Facilities
Mid-Region	Integrated IT and Cyber	8,800	Qualified Workforce; Bandwidth and Data Storage; Sales
	Visitor-Driven	13,200	Facilities; Marketing; Qualified Workforce
	Health and Social Services	13,800	Qualified Workforce; Building Inventory; Tax and Regulatory
Eastern Plains	Solo/Independent Work	70	Broadband; Qualified Workforce; Housing
	Emerging Technologies	100	Broadband; Qualified Workforce; Sales
	Manufacturing	200	Sales; Qualified Workforce; Water
Southwest ⁵	-	-	-
Southeast	Visitor-Driven	1,050	Qualified Workforce; Facilities Leadership
	Manufacturing	545	Transportation; Qualified Workforce; Housing
	Extractives	9,686	Housing; Qualified Workforce; Roads and Drainage
South Central	Manufacturing	545	Water; Tax and Regulatory; Land and Building Inventory; Marketing and Sales
	Government	2,000	Qualified Workforce
	Health and Social Services	5,000	Facilities; Qualified Workforce; Tax and Regulatory; Land and Building Inventory; Marketing and Sales

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

PART II. STATEWIDE JOB-CREATION

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 10 years from now?

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 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.



PART II. STATEWIDE JOB-CREATION

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 & EVALUATION CRITERIA

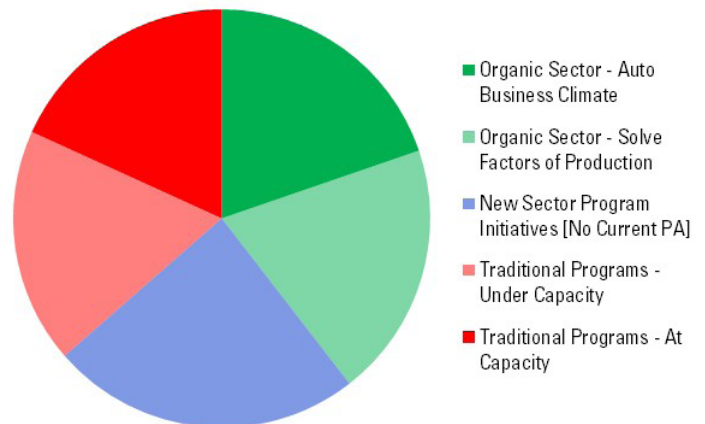
GOAL THREE: Begin building bipartisan consensus on legislative measures that could “move the needle” on job-creation in the next five to seven years.

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 workforce, 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.



Economic Development Strategic Program Approaches

PART III. POTENTIAL LEGISLATIVE ACTIONS & EVALUATION CRITERIA

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 non-economic base job development priorities.
- 1.3** Fund efforts by the Higher Education Department, the workforce boards and the Employability Council to continue their work on the development of a workforce 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's workforce 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 —

PART III. POTENTIAL LEGISLATIVE ACTIONS & EVALUATION CRITERIA

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

Workforce:

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 workforce 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.

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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.

