

The Economic Development Department (EDD) received a 19 percent recurring general fund increase during the 2022 Legislative session, in addition to nonrecurring appropriations totaling \$100 million between the 2021 second legislative session and 2022 regular session. The agency will also be expected to help shape other major legislative investments in economic development, including the newly created venture capital fund and opportunity enterprise acts. With over \$200 million in new investments for various economic development initiatives, along with EDD’s new 20 year strategic plan, the department has an opportunity to diversify and grow the state’s economy.

The department surpassed performance targets on nearly every measure in FY22, and doubled rural job creation compared with FY21 which had lagged overall job creation since the pandemic. The committee should work with the agency and state budget division to increase performance targets for FY24 to reflect and maintain the momentum of the department’s FY22 performance. In an otherwise exceptional year for the department, the performance of the New Mexico partnership (created as a mechanism to entice and entertain companies considering relocating to New Mexico) stands out, attracting only 64 jobs to the state, well under the target of 2,250 jobs.

The agency’s action plan reflects both its 20 year strategic plan and directives from legislators in the three LegisSTAT hearings EDD participated in. EDD shifted efforts to attracting companies that offer competitive wages, moving away from low-wage high-volume jobs such as call centers (the department notes there have been 0 call center projects in FY22.) The agency surpassed the target for wages of jobs created in excess of prevailing local wages by over \$10 thousand, and the average annual wage of new jobs created by the department in FY22 was \$61.4 thousand, surpassing both the previous quarter and the target of \$47 thousand.

Economic Development

Local Economic Development Act and Job Training Incentive Program. The Economic Development Division awarded four companies \$6.5 million in Local Economic Development Act (LEDA) funds in the fourth quarter of FY22, bringing total LEDA awards in FY22 to \$27.9 million, creating 3,447 jobs at a cost of about \$8,000 per job. Major LEDA investments in FY22 include \$10 million to Universal Hydrogen Co. (a hydrogen storage module manufacturer) to construct a facility in Albuquerque bringing approximately 500 jobs, \$5 million to Manna Capital Partners (a capital investment group) to build an aluminum can sheet rolling and recycling center in Los Lunas, creating 950 jobs within the next 4 years, and \$5 million to Curia (a bioscience research and manufacturing organization in Albuquerque) to expand its operational facilities. The department reports \$3.5million available in LEDA funds, not including the \$50 million appropriated in the 2022 regular session.

ACTION PLAN

Submitted by agency?	Yes
Timeline assigned?	Yes
Responsibility assigned?	Yes

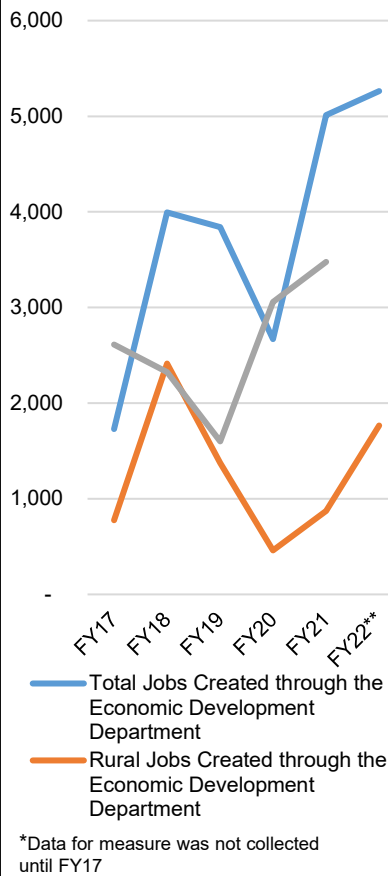
LegisStat Pilot Agency

The New Mexico Economic Development Department (NMEDD) participated in the Legislative Finance Committee’s first LegisSTAT panel, a new hearing format hyper-focused on performance metrics and agency action plans. The department will update the committee on LegisSTAT measures in June.

The agency addressed the department’s role in creating jobs in the state. The department will be expected to follow up on member questions in its fall budget hearing including:

- How many of the short-term strategic plan action items has the department completed or nearly completed?
- How do newly funded economic development initiatives, like the venture capital investment fund or the opportunity enterprise fund, interact with the strategic plan?
- How is the department monitoring the return on investment from LEDA grants?
- How does the department ensure consistency in award criteria for LEDA?

Economic Development Department Job Creation FY16 to FY21



For the Job Training Incentive Program (JTIP), the JTIP board approved 30 companies in the fourth quarter, bringing 465 new jobs at an average wage of \$31.00 per hour. Of the new jobs, 224 were high wage with salaries in excess of \$60 thousand, 99 of which were in rural areas. A total of 2,355 trainees were approved for JTIP funding in FY22, 570 of which were in rural areas. Additionally, the Film Crew Advancement Program (FCAP), one of the two job training incentive programs for Film and Multimedia programs, approved a total of 29 companies to train 202 crew members at an average hourly wage of \$41.24 in FY22. The department reports \$6.1 million in available JTIP funds.

MainStreet. In addition to \$42 million in private sector investments and 232 private building rehabilitations, local MainStreet programs reported 200 net new businesses, 45 business expansions, and 730 net new jobs in FY22. Major MainStreet projects from the final quarter of FY22 include three public/private projects worth over \$4.2 million this quarter in Artesia, Carlsbad, and Las Cruces, and \$2.2 million in private rehabilitation work throughout the state. During the 2022 Regular Legislative Session, the Legislature approved a remarkable \$10 million in severance tax bonds for MainStreet districts, compared to just \$250 thousand in 2021 and \$1 million in 2020.

Budget: \$10,277 **FTE:** 25

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Jobs created due to economic development department efforts	2,670	5,012	4,000	5,263	G
Rural jobs created	460	871	1,320	1,766	G
Average wage of jobs created due to economic development department efforts (in thousands)	NEW	\$70.6	\$47.5	\$61.4	G
Jobs created through business relocations facilitated by the New Mexico partnership	812	147	2,250	64	R
Private sector investment in mainstreet districts, in millions	\$24.5	\$59	\$30	\$42	G
Number of building rehabilitations assisted by the MainStreet Program	306	274	200	232	G
Potential recruitment opportunities submitted by the New Mexico Partnership	33	60	60	69	G
Wages of jobs created in excess of prevailing local wages	NEW	\$24,948	\$5,000	\$18,177	G
Private sector investment in MainStreet districts, in millions	\$24.57	\$58	\$30	\$42	G
Number of company visits to New Mexico for projects managed by the New Mexico Partnership	New	9	12	21	G
Private sector dollars leveraged by each dollar through Local Economic Development Act	27:1	128:1	20:1	84:1	G
Jobs created through the use of Local Economic Development Act funds	1,600	3,058	3,000	3,447	G
Program Rating	Y	Y		G	

*Measure is classified as explanatory and does not have a target.

New Mexico Film Office

The COVID-19 pandemic brought film and television production to a standstill from March 2020 to September 2020. Productions ramped up quickly at the close of FY21 and have continued momentum in FY22. All measures for the film office surpassed FY22 targets, with direct spending by the film industry notably increasing from \$51 million to \$206 million.

Budget: \$822.8 **FTE:** 8

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
Direct spending by film industry productions, in millions	\$257.3	\$624	\$530	855.4	G
Film and media worker days	266,604	514,580	320,000	668,707	G
Total gross receipts paid by film industry productions, in millions	NEW	\$30.6	\$20	\$47	G
Total wages paid by film industry productions to New Mexico residents, in millions	NEW	\$121.2	\$200	\$157	G
Program Rating	Y	G			G

*Measure is classified as explanatory and does not have a target.

Outdoor Recreation

The Outdoor Recreation Division’s goal is to ensure all New Mexicans share in the public health, environmental, and economic benefits of sustainable outdoor recreation. The division focuses on a few key impact areas: economic development, promotion of outdoor-recreation assets, conservation, and education and public health programs.

The Legislature heavily invested in the division’s two grant funds, appropriating \$7 million to the “Trails +” fund, created to assist local entities in creating, maintaining, and improving recreational trails, and \$3 million to the outdoor equity fund, designed to fund outdoor programming for underserved youth. The division began accepting grant applications for the “Trails +” outdoor infrastructure grants in early March and announced the first 15 recipients of the grant, totaling \$2.74 million. Approved projects include \$400 thousand to McKinley County for a 22 mile trail connector, \$99 thousand to Red River for restroom facilities in Mallette Park, and \$78.9 thousand for trail improvements in Bloomfield. The outdoor equity fund will announce award recipients in fall 2022.

The division also received a \$1.9 million joint grant with the Tourism Department from the federal Economic Development Administration for marketing. As a result, the office began tracking earned media from the department’s efforts, and reports approximately \$28 thousand in earned media in FY22.

Budget: \$482.2 **FTE:** 4

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Actual	Rating
New outdoor recreation jobs created by the outdoor recreation division*	40	9	N/A	173	
Outdoor recreation projects funded or lead by the outdoor recreation division*	11	9	N/A	44	
Number of youth to participate in outdoor education programs through the division*	NEW	NEW	N/A	21,904	
Program Rating					G

*Measure is classified as explanatory and does not have a target.

One-Time Economic Development Funding at a Glance (in thousand of dollars)

Purpose	2021 Second Special Session	2022 Regular Session
Outdoor Equity Fund	3,000	
Trails + Grants	7,000	
Film Academy		40,000
Local Economic Development Act		50,000
Venture Capital Investment Fund		35,000
Federal Grants Administration	435	3,500
Local grant management		1,500
Opportunity Enterprise Fund		70,000
Job Training Incentive Program		6,000
Subtotal	10,000	201,000
Grand Total		216,435

Source: LFC Files

