

New Mexico’s economy has delivered strong job growth in 2023 and unemployment rate is 3.5 percent, below the national average. The Economic Development Department (EDD) had two years of record-breaking job creation through the Job Training Incentive Program (JTIP) and Local Economic Development Act (LEDA) in FY21 and FY22. While the department surpassed performance targets for most measures in FY23, performance across the board is lower than FY22. EDD notes concern about the cost of lending and increased inflation have slowed companies from expanding and focused on maintaining existing production and workforce. With more hesitancy to expand, less companies have requested LEDA and JTIP. In response, EDD has taken measures to address slowdowns in fund use. For JTIP, EDD incentivized companies to partner with the Workforce Solutions Department and reassessed the reimbursement formula for higher education institutions that provide customized training for expanding companies. For LEDA, EDD is working with communities and existing local companies on infrastructure needs.

The agency’s action plan reflects both its 20-year strategic plan and directives from legislators in the three EDD LegisStat hearings. EDD shifted efforts to attracting companies that offer competitive wages, moving away from low-wage high-volume jobs, such as call centers. The agency surpassed the target for wages of jobs created in excess of prevailing local wages by over \$8 thousand, and the average annual wage of new jobs created by the department in FY23 was \$56.5 thousand, surpassing the target of \$47 thousand.

Economic Development

Local Economic Development Act and Job Training Incentive Program. The Economic Development Division awarded two companies \$3 million in Local Economic Development Act (LEDA) funds in the fourth quarter of FY23. In FY23, EDD awarded \$13.3 million to 14 companies which could result in 1,092 jobs at a cost of about \$12.1 thousand per job. The agency reports having \$24 million available in LEDA funds.

For the Job Training Incentive Program (JTIP), the JTIP board approved 16 companies in the fourth quarter, bringing a total of 1,255 workers trained by JTIP with an average wage of \$29.02 per hour in FY23. Additionally, the Film Crew Advancement Program (FCAP), one of the two job training incentive programs for film and multimedia programs, approved 13 companies and approved training 99 crew members at a projected average hourly wage of \$28.26. However, JTIP participation decreased in FY23. EDD notes that the program experienced an unprecedented increase in participation in FY20 through FY22 due to the pandemic and companies exploring alternative methods to stay afloat, such as expanding their e-commerce capacity and expanding products to meet new

ACTION PLAN

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

LegisStat Pilot Agency

The New Mexico Economic Development Department (EDD) participated in the Legislative Finance Committee’s first LegisStat panel, a new hearing format hyper-focused on performance metrics and agency action plans.

The agency addressed the department’s role in creating jobs in the state. The department answered the following questions:

- 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?

Total Cost per Job		
	JTIP	LEDA
FY17	\$12,563.00	\$29,200.00
FY18	\$8,839.00	\$4,025.00
FY19	\$8,144.00	\$13,272.00
FY21	\$4,541.00	\$15,688.00
FY22	\$7,994.00	\$8,000.00
FY23	\$14,816.00	\$12,179.00

Source: EDD and LFC Files

LEDA Investments in FY23

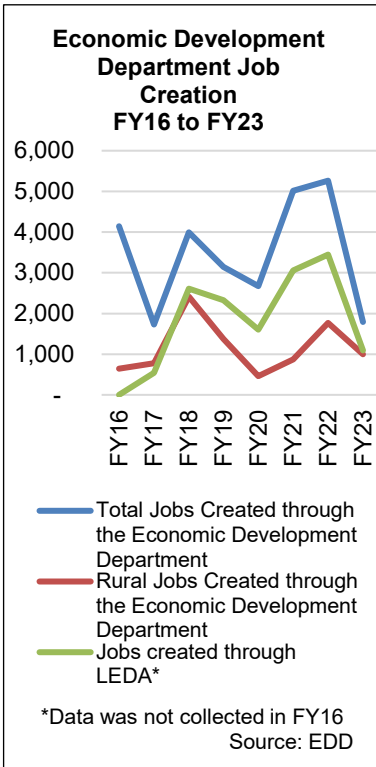
1. Franklin Mountain Packaging, a manufacturer specializing in producing high quality corrugated micro-flute sheets, received \$500 thousand to construct a new production center and warehouse in Santa Teresa and expects to add 60 employees in the next three years.
2. HOTA industrial Manufacturing, a major Asian automotive parts supplier, received \$2.5 million to build a factory in Santa Teresa and expects to hire 350 employees.
3. Louisiana Pepper Exchange, a New Orleans-based chile pepper company, received \$300 thousand for a processing warehouse in Santa Teresa and expects to hire 20 people over the next five years.
4. Parting Stone, an innovative cremation company that turns remains into smooth stones, received \$150 thousand and expects to hire an additional 80 employees.

markets. Over the past year, companies have scaled back hiring and focused on maintaining their existing workforce. To address underutilization, the JTIP board is encouraging participation by New Mexico higher education institutions that provide customized training for expanding companies and reassessed the per-trainee reimbursement cap. Additionally, companies are eligible for an additional 5 percent reimbursement for participation in job fairs, corporate training, and other customized human resources services offered by the Workforce Solutions Department.

New Mexico Partnership. New Mexico Partnership was created as a mechanism to entice and entertain companies considering relocating to New Mexico. Performance for the partnership has been low for the past five fiscal years with its highest performance in FY20, when the partnership created 812 jobs through business relocation facilitations. EDD notes many projects are taking longer to relocate due to concerns about inflation and lending costs. However, company visits managed by the partnership have slightly increased from FY22 and EDD reports companies coming back for second and third site visits.

Office of Strategy, Science, and Technology. The Office of Strategy, Science and Technology (OSST) executes programs that encourage and enable the startup, growth, and relocation of technology-based industries in and to New Mexico by focusing on growing and diversifying existing technology companies, rapidly commercializing technologies, and promoting research and development in emerging technologies. The director position was vacant for several months but was filled in July 2023. The office is also recruiting for the newly created Entrepreneurship Program coordinator. With a full staff, the office will be able to follow up with companies that received science and technology grants and provide technical assistance to technology companies not previously engaged with EDD. In FY23, OSST tracked \$1.062 million in new investment in tech companies assisted by the office from non-state sources.

MainStreet. In addition to \$52.8 million in private sector investments and 278 private building rehabilitations, local MainStreet programs reported 132 net new businesses and 827 net new jobs in FY23. Major purchases reported by MainStreet districts from the final quarter of FY23 include a \$2.7 million purchase in Las Cruces for the Bank of the West building and \$1.8 million purchase in Ruidoso for a riverside property for Downshift Brewing. In 2022, the Legislature approved \$10 million in severance tax bonds for MainStreet districts, compared to just \$250 thousand in 2021 and \$1 million in 2020.



Budget: \$11,758.8 **FTE:** 25

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Jobs created due to economic development department efforts	5,012	5,263	4,000	1,790	R
Rural jobs created	871	1,766	1,320	996	R
Average wage of jobs created due to economic development department efforts (in thousands)	\$70.6	\$61.3	\$47.5	\$56.5	G
Private sector dollars leveraged by each dollar through Local Economic Development Act	128:1	84:1	25:1	19:1	R
Jobs created through the use of Local Economic Development Act funds	3,058	3,447	3,000	1,092	R

Budget: \$11,758.8 FTE: 25

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Number of workers trained by JTIP	3,356	2,355	2,000	1,255	R
Jobs created through business relocations facilitated by the New Mexico partnership	147	64	2,250	165	R
Number of company visits to New Mexico for projects managed by the New Mexico Partnership	9	21	12	28	G
Potential recruitment opportunities submitted by the New Mexico Partnership	60	69	60	63	G
Dollars of follow-on investment in technology-based companies as a result of OST programs (in millions)	\$17	\$5.2	\$2	\$1.06	R
Private sector investment in MainStreet districts (in millions)	\$59	\$42	\$25	\$52.9	G
Number of building rehabilitations assisted by the MainStreet Program	274	232	200	278	G
Program Rating	Y	G			Y

New Mexico Film Office

All measures for the film office surpassed FY23 targets. Direct spending by the film industry surpassed the FY23 target by over \$260 million but reflects a 7 percent decrease from FY22. EDD notes that the decrease in all performance measures in comparison to FY22 are due to the Write Guild of America and Screen Actors Guild-American Federation of Television and Radio Artists (SAF-AFTRA) strikes, which have halted productions nationwide.

Budget: \$961.8 FTE: 8

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
Direct spending by film industry productions, in millions	\$623.8	\$855.4	\$530	\$794.1	G
Film and media worker days	266,604	668,707	320,000	553,630	G
Total gross receipts paid by film industry productions, in millions	\$30.2	\$47.1	\$25	\$43.4	G
Total wages paid by film industry productions to New Mexico residents, in millions	\$121.2	\$157.0	\$100	\$152.2	G
Program Rating	G	G			G

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 division created 411 new outdoor recreation jobs in FY23, an 83 percent increase from FY22.

In FY22, 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

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

Purpose	2021 Second Special Session	2022 Regular Session	2023 Regular Session
Outdoor Equity Fund	3,000		1,000
Trails + Grants	7,000		10,000
Film Academy		40,000	500
Local Economic Development Act		50,000	13,000
Venture Capital Investment Fund		35,000	15,000
Federal Grants Administration	435	3,500	
Local grant management		1,500	
Opportunity Enterprise Fund		70,000	
Job Training Incentive Program		6,000	3,000
Subtotal	10,000	201,000	42,500
Grand Total	253,500		

FY23 Approved Outdoor Recreation Trails+ Grant Awards

The Outdoor Recreation Division approved 44 grant applications and awarded \$4.2 million for the Trails+ program in FY23. Approved projects include:

1. Taos Pueblo received \$490 thousand to clear access to Tribal trails blocked by downed trees and to design and engineer a 4.5 mile nonmotorized trail.
2. Las Vegas received \$99 thousand to add a trail to the Rodriguez Park Baseball and Softball field.
3. San Juan College received \$99 thousand for restroom facilities in an open space near the institution.

FY23 Approved Outdoor Equity Fund Grant Awards

The outdoor equity fund approved 48 projects in FY23. Among approved projects:

1. Albuquerque Sign Language Academy was awarded \$20 thousand for outdoor activities for students with disabilities.
2. The City of Clovis Summer Youth Program was awarded \$20 thousand for youth classes and seminars on the environment, animals, plants, and ecology.
3. The Native American Community Academy was awarded \$20 thousand for land-based healing and learning.

outdoor equity fund, designed to fund outdoor programming for underserved youth in FY22. In FY23, the Legislature made an additional investment of \$10 million to Trails + fund and \$1 million to the outdoor equity fund. The division approved 44 grant applications and awarded \$4.2 million for the Trails+ program. In 2022, the outdoor equity fund approved 48 applications and awarded \$795 thousand and brought 12,221 young New Mexicans outdoors. Of the awardees, 50 percent support tribal, rural, and land grant communities.

Budget: \$1,080.8 **FTE:** 3

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Actual	Rating
New outdoor recreation jobs created by the outdoor recreation division*	9	173	N/A	411	
Outdoor recreation projects funded or lead by the outdoor recreation division*	6	44	N/A	44	
Number of youth to participate in outdoor education programs through the division*	3,123	21,904	N/A	12,221	G
Program Rating	Y	G			G

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