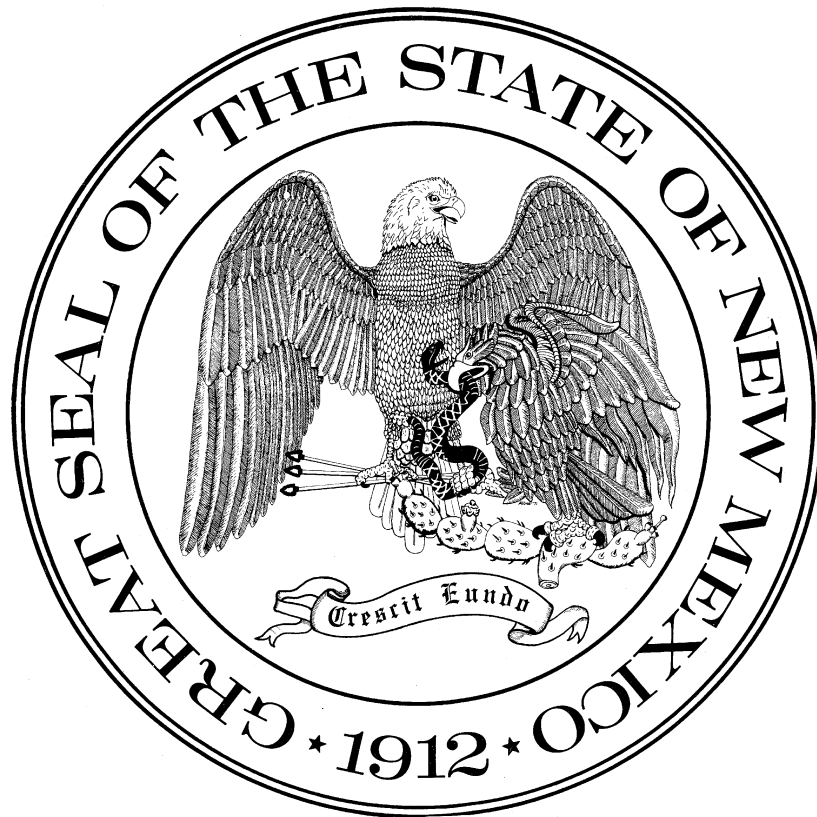


JOBS COUNCIL
2014 INTERIM FINAL REPORT



New Mexico Legislative Council Service
Santa Fe, New Mexico
December 2014

**JOBS COUNCIL
2014 INTERIM FINAL REPORT**

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SUMMARY

JOBS COUNCIL

2014 Interim Summary

Against a backdrop of limp state-level job growth relative to the nation and surrounding states, the Jobs Council continued the work it began in the 2013 interim of developing a legislative plan for reaching the goal of, within 10 years, returning New Mexico to its pre-recession employment level.

In the previous interim, the council engaged with representatives of economic development-related organizations from around the state, including several experts in the field, to gather jobs-related data. Among other aims, it set out to: arrive at a figure representing the economic-base job deficiency; identify the industry sectors that would be most likely to support job growth on a scale sufficient to correct the deficiency; pinpoint the impediments to that growth; and recommend measures to temper or remove those impediments.

In 2014, the council welcomed several new legislative and public members and hosted as guest members the secretaries of economic development, higher education and tourism. The council determined at the onset that, to strengthen the influence of its recommendations, it would only approve a given initiative if the initiative's proposal garnered the unanimous support of the council.

Throughout the interim, the council heard updates on the effort to continue the data-gathering process begun in 2013. To refine an understanding of the employment situation, regional gatherings — similar in design to the council's 2013 process — were conducted throughout the state. The information collected at those sessions was to be pooled in an online data repository capable of reflecting future revisions to the information profiled.

The council also heard presentations on jobs-related topics ranging from education, as it affects work force preparedness, to the potential within specific industries, such as aviation, for job creation. Some presenters elicited the council's support for the initiative proposed. By unanimous vote, the council expressed its support for the following special appropriations and initiatives:

- Local Economic Development Act — \$50 million (nonreverting);
- Job Training Incentive Program — \$12 million (nonreverting);
- Economic Development Grant Fund (staff augmentation) — \$4.5 million for fiscal years (FYs) 2016 through 2018;
- Tourism Department marketing — \$3.5 million;
- Co-op advertising/marketing — \$2 million;
- New Mexico Partnership — \$500,000 in FY 2016 and \$1 million in FY 2017, with the second year appropriation conditioned on the first year's fulfillment of certain performance measures;
- Solo work program — \$500,000;
- New Mexico State University Science, Technology, Engineering and Mathematics

- program — \$475,000;
- Broadband infrastructure needs and solutions — \$300,000;
 - Forest restoration economic development assistance — \$250,000;
 - Middle school physics pilot program — \$250,000;
 - Work force gap analysis — \$125,000; and
 - WorkKeys program — \$35,000.

WORK PLAN AND MEETING SCHEDULE

**2014 APPROVED
WORK PLAN AND MEETING SCHEDULE
for the
JOBS COUNCIL**

Members

Rep. W. Ken Martinez, Co-Chair
Sen. Mary Kay Papen, Co-Chair
Rep. Donald E. Bratton
Rep. Stephanie Garcia Richard
Sen. Phil A. Griego
Sen. Stuart Ingle

Rep. Rick Miera
Sen. George K. Munoz
Rep. Debbie A. Rodella
Sen. Michael S. Sanchez
Sen. Pat Woods

Advisory Members

Sen. William F. Burt
Rep. Mary Helen Garcia
Rep. Patricia A. Lundstrom
Sen. Howie C. Morales
Sen. Steven P. Neville

Sen. Michael Padilla
Sen. John C. Ryan
Rep. Thomas C. Taylor
Rep. Don L. Tripp
Rep. James P. White

Public Members

Ray M. Baca, Executive Director, New Mexico Building and Construction Trades Council
Terry Brunner, State Director, United States Department of Agriculture Rural Development
Celina C. Bussey, Secretary, Workforce Solutions Department
Beverlee McClure, President and Chief Executive Officer, Association of Commerce and Industry
Alex O. Romero, Chair, Economic Development Commission, and President and Chief
Executive Officer, Albuquerque Hispano Chamber of Commerce

Work Plan

The Jobs Council was created by the New Mexico Legislative Council on April 30, 2013 to respond to the state's recent, large-scale job losses. The New Mexico Legislative Council re-created the Jobs Council on January 20, 2014.

During the 2014 interim, the Jobs Council will continue its work of developing a job-creation agenda. The Jobs Council will shape its agenda by: 1) revising the criteria that it uses to evaluate job-creation proposals; 2) considering for advancement initiatives for job creation that were proposed at its 2013 interim sessions; 3) considering new initiatives for job creation; and 4) developing a refined understanding of the barriers, by region, to job creation through the development of a reporting system for job-need and job-creation assessment.

The Jobs Council will review the product of its past work. That product consists in part of a tool, a set of criteria, that can be used to identify the strength of a particular legislative initiative in combating the jobs-loss problem. The Jobs Council also produced a set of proposed legislative initiatives organized by category of barrier to job creation.

The Jobs Council will refine its job-creation-initiative evaluation tool and decide which of its previously proposed legislative initiatives to pursue. It will also consider new initiatives for advancement and fashion strategies for promoting its agenda.

Throughout the interim, representatives of in-state, local economic development organizations and other job-creation stakeholders will gather by region to participate in sessions similar in framework to that of the Jobs Council's first interim process. That is, they will: 1) attempt to define their region's jobs-loss predicament; 2) establish regional job-creation goals; 3) determine the economic sectors from which it is most likely that economic-base jobs will be created; and 4) identify the barriers preventing those jobs from being created. Data and findings generated from these regional sessions, which will be continually updated, will be published online and reported to the Jobs Council. The information is intended to improve policymakers' and the public's understanding of each region's employment profile, potential for job creation and job-creation needs.

**Jobs Council
2014 Approved Meeting Schedule**

<u>Date</u>	<u>Location</u>
June 10	Santa Fe
July 23	Albuquerque
August 28	Santa Fe
September 15	Las Cruces
October 16	Santa Fe
November 12	Santa Fe

AGENDAS

**TENTATIVE AGENDA
for the
FIRST MEETING
of the
JOBS COUNCIL**

**June 10, 2014
Room 322, State Capitol
Santa Fe**

Tuesday, June 10

- 10:00 a.m. **Call to Order**
—Representative W. Ken Martinez, Speaker of the House, Co-Chair
—Senator Mary Kay Papen, President Pro Tempore of the Senate, Co-Chair
- 10:10 a.m. (1) **[Review of the 2013 Interim Jobs Council's Process and Findings](#)**
—Mark Lautman, Lead Program Consultant, Lautman Economic Architecture
- 10:45 a.m. (2) **[Program of Work for the 2014 Interim; Deliberation and Agreement on Process Guidelines](#)**
—Mark Lautman, Lead Program Consultant, Lautman Economic Architecture
—Jeff Kiely, Executive Director, Northwest New Mexico Council of Governments
—Charles Lehman, Director, Employment and Economic Information Center of New Mexico
- 11:45 a.m. (3) **[Proposed Work Plan and Meeting Schedule](#)**
—Tessa Ryan, Staff Attorney, Legislative Council Service
—Mark Lautman, Lead Program Consultant, Lautman Economic Architecture
- 12:15 p.m. **Lunch**
- 1:30 p.m. (4) **[Evaluating Proposed Measures for Job Creation: Criteria Refinement](#)**
—Mark Lautman, Lead Program Consultant, Lautman Economic Architecture
- 2:15 p.m. (5) **[Review and Selection of Previously Proposed Job-Creation Initiatives](#)**
—Mark Lautman, Lead Program Consultant, Lautman Economic Architecture
- 4:30 p.m. **Public Comment**
- 5:00 p.m. **Adjourn**

Revised: July 24, 2014

**TENTATIVE AGENDA
for the
SECOND MEETING
of the
JOBS COUNCIL**

**July 23, 2014
Carpenters Local Union Hall
Albuquerque**

Wednesday, July 23

- 10:00 a.m. **Call to Order**
—Representative W. Ken Martinez, Speaker of the House, Co-Chair
—Senator Mary Kay Papen, President Pro Tempore of the Senate, Co-Chair
- 10:10 a.m. **Approval of Minutes**
- 10:15 a.m. (0) **Review of 2014 Interim Process Guidelines**
—Mark Lautman, Lead Program Consultant, Lautman Economic Architecture
—Tim Karpoff, Facilitator, Karpoff and Associates
- 10:45 a.m. (1) **Evaluating Proposed Measures for Job Creation: Criteria Refinement**
—Mark Lautman, Lead Program Consultant, Lautman Economic Architecture
—Tim Karpoff, Facilitator, Karpoff and Associates
- 11:15 a.m. (2) **Review and Selection of Previously Proposed Job-Creation Initiatives (Working Lunch)**
—Mark Lautman, Lead Program Consultant, Lautman Economic Architecture
—Tim Karpoff, Facilitator, Karpoff and Associates
—Steve Vierck, President and Chief Executive Officer, New Mexico Partnership
—Noreen Scott, Board Member, New Mexico Partnership
—Steve Maestas, Managing Partner, Maestas and Ward
—Steve Howe, Consultant, Steven Howe Consulting
—Eric Montgomery, Business Development Manager, Mesilla Valley Economic Development Alliance
—Brent Racher, President, New Mexico Forest Industry Association
—Charles Lehman, Director, Employment and Economic Information Center of New Mexico
—Duncan Sill, Economic and Strategic Development Director, North Central New Mexico Economic Development District

3:00 p.m. (3) [Status Update of Local Data-Gathering Process](#)
—Mark Lautman, Lead Program Consultant, Lautman Economic Architecture
—Charles Lehman, Director, Employment and Economic Information Center
of New Mexico

3:30 p.m. **Public Comment**

4:00 p.m. **Adjourn**

Revised: August 27, 2014

**TENTATIVE AGENDA
for the
THIRD MEETING
of the
JOBS COUNCIL**

**August 28, 2014
Room 307, State Capitol
Santa Fe**

Thursday, August 28

- 10:00 a.m. **Call to Order**
—Representative W. Ken Martinez, Speaker of the House, Co-Chair
—Senator Mary Kay Papen, President Pro Tempore of the Senate, Co-Chair
- 10:10 a.m. **Approval of Minutes**
- 10:15 a.m. (1) **Update on Council-Approved Legislative Initiatives**
—Mark Lautman, Lead Program Consultant, Lautman Economic
Architecture
- 10:45 a.m. (2) **Update on the Regional Data-Gathering Process**
—Mark Lautman, Lead Program Consultant, Lautman Economic
Architecture
—Tim Karpoff, Facilitator, Karpoff and Associates
—Tim Armer, Executive Director, North Central New Mexico Economic
Development District
- 11:30 a.m. (3) **Job Creation Through Procurement Reform**
—Beverlee McClure, President and Chief Executive Officer,
Association of Commerce and Industry
- 12:00 noon **Lunch**
- 1:30 p.m. (4) **Improving Operational and Performance Metrics for Job-Creation
Initiatives**
—Mark Lautman, Lead Program Consultant, Lautman Economic
Architecture

- 3:00 p.m. (5) [The New Mexico MainStreet Program's Role in Economic Base Job Development](#)
—Jon Barela, Cabinet Secretary, Economic Development Department (EDD)
—Richard Williams, MainStreet Director, EDD
- 3:30 p.m. (6) [Update on Development of an Online Jobs-Data Repository](#)
—Charles Lehman, Director, Employment and Economic Information Center of New Mexico
- 4:00 p.m. **Public Comment**
- 4:30 p.m. **Adjourn**

Revised: September 11, 2014

**TENTATIVE AGENDA
for the
FOURTH MEETING
of the
JOBS COUNCIL**

**September 15, 2014
Gadsden Administrative Complex
4950 McNutt Road
Santa Teresa**

Monday, September 15

- 10:00 a.m. **Call to Order**
—Representative W. Ken Martinez, Speaker of the House, Co-Chair
—Senator Mary Kay Papen, President Pro Tempore of the Senate, Co-Chair
- 10:05 a.m. **Welcome from Gadsden Independent School District (GISD)**
—Efren Yturralde, Superintendent, GISD
- 10:20 a.m. (1) **Health and Education Sectors — Job-Creation Initiatives**
—George Mychaskiw, Chief Academic Officer and Dean, Burrell College of
Osteopathic Medicine
—Benjamin Woods, Special Assistant to the President, New Mexico State
University (NMSU)
- 11:20 a.m. (2) **Work Force Development Initiatives**
—Kari Mitchell, Chief Executive Officer, Las Cruces Machine,
Manufacturing & Engineering, Inc.
—Bryn Davis, New Mexico Operations Manager, Sapphire Energy Inc.
- 12:00 noon (3) **Working Lunch — Update on Council-Approved Legislative Initiatives**
—Mark Lautman, Lead Program Consultant, Lautman Economic
Architecture
- 12:45 p.m. (4) **Improving Operational and Performance Metrics for Job-Creation
Initiatives**
—Mark Lautman, Lead Program Consultant, Lautman Economic Architecture
- 1:45 p.m. (5) **Job Creation in the Border Region**
—Jerry Pacheco, Executive Director, International Business Accelerator

- 2:30 p.m. (6) **Job Creation in the South Central Region**
—Kevin Boberg, Associate Dean/Director for Research and Economic
Development, NMSU College of Business
—Davin Lopez, President and Chief Executive Officer, Mesilla Valley
Economic Development Alliance
- 3:30 p.m. (7) **Investment in Technology Research Gap Funding**
—Senator Michael Padilla
—Kevin Boberg, Associate Dean/Director for Research and Economic
Development, NMSU College of Business
- 4:00 p.m. (8) **Update on Development of the Online Jobs-Data Repository**
—Charles Lehman, Director, Employment and Economic Information
Center of New Mexico
- 4:30 p.m. **Public Comment**
- 5:00 p.m. **Adjourn**

Revised: October 15, 2014

**TENTATIVE AGENDA
for the
FIFTH MEETING
of the
JOBS COUNCIL**

**October 16, 2014
Room 307, State Capitol
Santa Fe**

Thursday, October 16

- 10:00 a.m. **Call to Order**
—Representative W. Ken Martinez, Speaker of the House, Co-Chair
—Senator Mary Kay Papen, President Pro Tempore of the Senate, Co-Chair
- 10:05 a.m. **Approval of Minutes from the August and September Meetings**
- 10:10 a.m. (1) **[Workforce Development Initiatives: Collaborating to Prepare for the Jobs of the Future](#)**
—Suzanne Hultin, Policy Specialist, Education Program, National Conference of State Legislatures
- 11:10 a.m. (2) **[Capitalizing the Rising Innovation-to-Enterprise Sector](#)**
—Mark Lautman, Lead Program Consultant, Lautman Economic Architecture
—Bill Bice, Chairman, ABQid
—Chris Madrid, Executive Director, Taos Entrepreneurial Network
—Perry E. Bendicksen III, Lawyer, Rodey Law Firm
—Kathy Keith, Executive Director, Regional Development Corporation
- 12:30 p.m. **Lunch**
- 2:00 p.m. (3) **[Science Early Education Pilot Program](#)**
—David P. Csintyan, Chief Executive Officer, See The Change USA
—Anatoliy V. Glushchenko, Chief Academic Advisor, See The Change USA
—Wendy Birhanzel, Officer, Curriculum, Instruction and Assessment Department, Harrison School District Two
- 3:00 p.m. (4) **[Update on the Regional Data-Gathering Process and the Online Jobs-Data Repository](#)**
—Charles Lehman, Director, Employment and Economic Information Center of New Mexico
—Mark Lautman, Lead Program Consultant, Lautman Economic Architecture

3:30 p.m. (5) [Barriers to Agricultural Products Small Business Growth](#)
—Ed Meintzer, Owner, Eddie's Savory Food Products, LLC

4:00 p.m. **Public Comment**

4:30 p.m. **Adjourn**

Revised: November 10, 2014

**TENTATIVE AGENDA
for the
SIXTH MEETING
of the
JOBS COUNCIL**

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

Wednesday, November 12

- 10:00 a.m. **Call to Order**
—Representative W. Ken Martinez, Speaker of the House, Co-Chair
—Senator Mary Kay Papen, President Pro Tempore of the Senate, Co-Chair
- 10:05 a.m. **Approval of Minutes from the October Meeting**
- 10:10 a.m. (1) **Forest Restoration Economic Development Assistance Program**
—Brent Racher, President, New Mexico Forest Industry Association
- 10:40 a.m. (2) **New Mexico State University (NMSU) Science, Technology, Engineering and Mathematics (STEM) Training, Entrepreneurship and Diversity**
—Marie Borchert, Education Specialist, Arrowhead Center, NMSU
—Rebecca Galves, Program Manager, Center for Intelligent Smartgrids Technologies, NMSU
—Cristina Abeyta, Assistant Director, STEM Outreach Center, NMSU
—Samantha McGuinn, Undergraduate Student of Computer Science, NMSU
- 11:10 a.m. (3) **Update on the Regional Data-Gathering Process and the Online Jobs-Data Repository**
—Mark Lautman, Lead Program Consultant, Lautman Economic Architecture
—Charles Lehman, Director, Employment and Economic Information Center of New Mexico
—Duncan Sill, Economic and Strategic Development Director, North Central New Mexico Economic Development District
- 11:40 a.m. **Lunch**
- 1:00 p.m. (4) **Growth Potential for Aviation/Aerospace Industry**
—Jim Barker, General Manager, AerSale Aviation
—Bill McMillan, President, New Mexico Aviation Aerospace Association
—Brad Hayden, President and Chief Executive Officer (CEO), Robotic Skies, Inc.

- 2:00 p.m. (5) [Tourism Department Fiscal Year 2016 Budget Request](#)
—Monique Jacobson, Secretary, Tourism Department
- 3:00 p.m. (6) [Workers' Compensation System Challenges](#)
—Darin A. Childers, Director, Workers' Compensation Administration
—Kevin McGinley, Chair, Advisory Council on Workers' Compensation
and Occupational Disease Management
—James Magoffe, Vice Chair, Advisory Council on Workers'
Compensation and Occupational Disease Management
- 4:00 p.m. (7) [Solo Work Program; Staff Augmentation Program; WorkKeys High
School Graduation Test Option Program](#)
—Mark Lautman, Lead Program Consultant, Lautman Economic Architecture
—Russell Wyrick, State Director, New Mexico Small Business Development
Center (Invited)
—Charles Lehman, Director, Employment and Economic Information
Center of New Mexico
—Jamai Bliven, CEO, Innovate + Educate
- 5:00 p.m. **Public Comment**
- 5:30 p.m. **Adjourn**

MINUTES

**MINUTES
of the
FIRST MEETING
of the
JOBS COUNCIL**

**June 10, 2014
State Capitol, Room 322
Santa Fe**

The first meeting of the Jobs Council (council) was called to order by Representative W. Ken Martinez, co-chair, on June 10, 2014 at 10:40 a.m. in Room 322 of the State Capitol.

Present

Rep. W. Ken Martinez, Co-Chair
Sen. Mary Kay Papan, Co-Chair
Ray M. Baca
Rep. Donald E. Bratton
Rep. Stephanie Garcia Richard
Sen. Phil A. Griego
Sen. Stuart Ingle
Beverlee McClure
Rep. Rick Miera
Rep. Debbie A. Rodella
Alex O. Romero

Absent

Terry Brunner
Celina C. Bussey
Sen. George K. Munoz
Sen. Michael S. Sanchez
Sen. Pat Woods

Advisory Members

Sen. Michael Padilla
Sen. John C. Ryan
Rep. Thomas C. Taylor
Rep. Don L. Tripp

Sen. William F. Burt
Rep. Mary Helen Garcia
Rep. Patricia A. Lundstrom
Sen. Howie C. Morales
Sen. Steven P. Neville
Rep. James P. White

Guest Legislator

Sen. Timothy M. Keller

Staff

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

Guests

The guest list is in the meeting file.

Handouts

Handouts and other written testimony are in the meeting file.

Tuesday, June 10

Welcoming Remarks

Representative Martinez welcomed the council, including newly appointed members and meeting attendees, and stressed the importance of the council's continued work. He emphasized that in order for the council to succeed, it would need to engage in a bipartisan jobs-creation effort in cooperation with the executive branch. Cabinet secretaries from agencies related to the council's task were invited to participate as members of the council.

Review of the 2013 Interim Jobs Council's Process and Findings

Mark Lautman, lead program consultant to the council, introduced Tim Karpoff, Charles Lehman and Sal Perdomo, who will be working with Mr. Lautman throughout the interim. He stated that the council would work to achieve the same goals it pursued during 2013. The council has been focused on the creation of economic-base jobs, which are those jobs for which the service or product provided is paid for by an out-of-state consumer. Mr. Lautman stated that, in general, up to two service sector jobs are created as a result of every economic-base job that is created. The council decided during the last interim that its job-creation considerations would be comprehensive and include employment sectors like tourism, independent work and health care, which are often excluded from the dialogue on job creation.

Mr. Lautman briefly outlined the process followed by the council during the 2013 interim. First, using a clinical consensus approach, the council agreed on the scope of its work and on definitions for certain words and concepts relating to economic development and jobs creation. Second, the council arrived at an estimate of the number of jobs that need to be created in New Mexico to return the state to pre-recession employment levels. Third, the council estimated the number of jobs that could be created in each employment sector. Fourth, the council identified the geographic areas of the state in which those jobs would most likely be created. Finally, the council identified factors that would inhibit the creation of jobs. A spreadsheet of estimates and numbers arrived at by the council in each of its sessions was created, and several related job-creation bills were introduced during the 2014 session.

Program of Work for the 2014 Interim: Deliberation and Agreement on Process Guidelines

In response to Mr. Lautman's overview of work proposed, a member asked whether the council would consider the potential effect on the state of Tesla establishing a battery factory in New Mexico. Mr. Lautman stated that the council would be able to consider the effect of that development and added that Tesla's presence would increase the number of manufacturing jobs in the state.

Another member asked how the construction industry is accounted for in the council's work. Mr. Lautman responded that construction jobs are very rarely considered economic-base jobs because they provide a service to local consumers, and that those jobs therefore fall outside of the council's considerations. Mr. Lautman also reminded the committee that when the

economic base is growing, non-economic-base jobs like construction jobs are automatically created.

A member asked how the council's efforts would be coordinated with local economic development efforts. Mr. Lautman stated that that coordination is the heart of the second area of the proposed focus of the council during the 2014 interim.

Mr. Lautman explained that, in addition to refining previously introduced legislative measures for reintroduction, the council would work with the state's councils of governments (COGs) to collect estimates at a local level that are analogous to those developed by the council during the previous interim. The seven COGs would be asked to estimate the number of jobs that need to be created in their regions, in addition to estimates of associated economic sectors and areas in which those jobs might be created. The COGs would also be asked to identify limitations that could prevent job creation in their regions. He noted that the spreadsheet that the council produced last interim would be revised to include information provided by the COGs about their specific regions. Combining local-level and state-level information in a spreadsheet and then making it available in an accessible online database could lead to better comprehensive economic development planning. The information, he said, could help the Economic Development Department (EDD) and others to focus efforts to produce the best results. A member added that, in addition to examining state and regional information, it is important to consider economic regions, like the Four Corners area of the state.

A member asked whether the council should review the rate of attrition it estimated last interim. Mr. Lautman stated that the rate of attrition for jobs varies by employment sector and that the council used an average attrition rate of 30% in its work in 2013. He stated that 30% is a conservative estimate because of the quick evolution of technology and the automation of many jobs. He reminded the council that many of the jobs that need to be created are necessary just to replace jobs that have been lost.

Regarding job loss, another member asked whether the state has been able to determine the causes of employers leaving the state. Mr. Lautman stated that that type of information is difficult to obtain, particularly at the state level. He suggested that local communities might be able to access that kind of data more easily and that a survey could be used to collect it. Another member stated that New Mexico should be a convenient and attractive place to locate a business, regardless of the political party in power in the state. Mr. Lautman agreed that part of the council's task is to create a job-creation framework using policy decisions that are not made in a vacuum or for political reasons, but rather because the cost of not making certain decisions — reduced job creation — is clear.

The information collected through the council's work should particularly help communities with limited resources with their economic development decision-making. Mr. Lautman added that four of the seven COGs are already engaged in the council's process, and the other three are participating to varying degrees. Representative Martinez took a moment to

welcome Representative Luciano "Lucky" Varela, chair of the Legislative Finance Committee (LFC), to the council's meeting. Representative Martinez noted that some of the council's legislative recommendations will be considered by the LFC and that the council will work to get information and legislation to the LFC early in the interim so that the LFC has an opportunity to evaluate the recommendations.

In response to a question about the circumstances that brought Intel to New Mexico, Mr. Lautman gave a brief history of that company's locating in New Mexico and noted that each Intel expansion in the state was influenced by the regional availability of contractors and engineers. However, he said, New Mexico is now competing internationally to house Intel and other companies. While New Mexico's surrounding states have increased their investment in jobs and economic development, New Mexico's investments recently have steadily decreased.

Regarding investment per job created, Mr. Lautman directed the council members to pages 15 and 16 of the Review of the Legislative Jobs Council 2013-2014 (handout), which includes information about how jobs are created through traditional economic development efforts. He emphasized the importance of considering whether local and state economic development organizations have sufficient resources to manage the number of transactions needed to produce a given number of jobs.

Mr. Lautman reviewed the action items on page 17 of the handout. Regarding the fourth item, "cure major factor of production gaps", Mr. Lautman emphasized that information from local organizations will be needed to accurately assess and address the barriers to job creation peculiar to each community.

A council member commented that access to housing in oil and gas production regions is limited by the "boom and bust cycles" that occur in the oil and gas sector. Inconsistent income streams and impaired credit ratings can be an obstacle for workers who seek home loans from banks. Additionally, in areas of the state where housing is limited, it can be difficult to find housing for the construction workers who would potentially build new housing.

Mr. Lautman reviewed the proposed interim work of the council, shown on page 23 of the handout. He said that the council's meetings in July and August would be focused on forming a legislative package for introduction in the 2015 session. In its September, October and November meetings, the council would consider new ideas for legislation and would hear reports on the status of information collected from the COGs for eventual publication and use online. The COGs, he added, would use the same consensus approach used by the council during its 2013 interim meetings.

A member expressed concerns about being presented with legislation that is aimed at recruiting a specific company without being supplied with information about the company. The member also requested more information about the COGs' current work and how their efforts will coincide with each other and with the state.

In response, Mr. Lautman stated that the COGs would be collecting data and channeling data to a web site as a public service. Regarding the council's legislative package, Mr. Lautman described the criteria to be used to select legislation. The list of seven specific criteria shown on page 25 of the handout can be distilled into two major criteria: 1) importance — will affect job creation quickly or solve a community's specific and urgent need to keep jobs; and 2) manageability — can be measured for success. A council member responded by informing the committee that The Pew Charitable Trusts (PEW) has been working with the LFC to assess the success of state programs, and PEW might be a resource for the council and state agencies in their analyses of the costs and benefits of proposed job-creation initiatives.

A member expressed the hope that the council's work would produce a meaningful legislative package that has the governor's support. Mr. Lautman followed by stating that the council could strive to have every proposed piece of legislation supported by both parties in both houses, the executive branch and a private constituent or advocacy group. Ann Simon, an economic development representative from the Mid-Region Council of Governments, spoke to the council about the planned participation of the COGs in the council's interim work. She explained that the COGs are regional planning entities that represent member governments, which are mostly counties. The majority of COGs' programs, she said, receive federal funding. While the COGs do not recruit businesses, they are able to identify the infrastructure needs of their communities.

Tim Armer, another COG representative, followed by stating that the COGs partner with community economic development organizations. He added that the COGs' collaboration with the council is well-matched with the work they are doing pursuant to a federal Economic Development Administration grant to help to develop a statewide economic development strategy.

A member asked Ms. Simon and Mr. Armer whether, having reviewed the proposed program of work, either one saw the need for the council to make changes to its approach this interim. The COG representatives responded that no such changes are needed now and that the COGs are excited about the opportunity to join in the council's efforts. Mr. Lautman noted that he and the other consultants to the council would be working with all of the COGs to facilitate meetings in each region and to ensure that the process produces good data at the local level. He then introduced Mr. Lehman, who would be responsible for developing the online dashboard composed of the data collected by the council and the COGs. Mr. Lehman explained that the dashboard would be an online real-time display of state, COG and county-level data, and it would show current and consensus forecasts of population, work force numbers, employment, need for economic-base jobs, sectors providing those jobs and factors affecting job creation. The web site would include information on how the data were collected. Ultimately, the plan is for the dashboard to be an interactive tool that allows users to see developments in their region or county. Regarding the collection of data included in the dashboard, Mr. Lautman noted that the process of estimating can produce accurate results as long as the guessing is done by a diverse

group of individuals. He also discussed potential subsequent applications that could be developed to display and update the data.

A member remarked that the dashboard would provide transparency, accessibility and accountability. At a recent conference, the member explained the council's work to others and learned that many states are considering similar programs. He added that the dashboard could be expanded to provide information or links to commercial real estate, available resources, applicable tax and permitting rules and law and other information to guide businesses and employers to New Mexico's communities.

Returning to the topic of 2015 legislative proposals, Mr. Lautman noted that the council would consider draft legislation containing appropriations at its next meeting. Meeting that deadline would allow the LFC an opportunity to consider the council's recommendations. Representative Martinez added that in order for a legislative proposal to receive the council's approval, it would have to receive unanimous support. This approach, he explained, would help keep the council's work from being politicized and would support efforts to produce successful legislation.

A few members reiterated concerns about the status of negotiations between the State of New Mexico and Tesla regarding the siting of Tesla's battery factory. One member suggested that the mayor of Albuquerque or the governor be asked to address the council on this issue. On the topic of analyzing and prioritizing legislation aimed at job creation, a member expressed concern that there is not a way to analyze legislation for possible long-term benefits. He said that such an analytical tool would be useful to legislators.

A member stated that he hoped that the council's interim work would include a broad agenda of topics, including regulation reform, tax incentives and public-private partnerships. He added that the council is near consensus on the items introduced during the 2014 session.

Legislation that contains employer-specific policies should not be enacted, opined another member. The legislature should instead enact broad policies aimed at removing economic development impediments to make the state competitive. Mr. Lautman advised the council that it should carefully consider the outcomes, in terms of job creation, of whether a particular measure is enacted.

Another member responded that a cost-benefit analysis is an important step in policymaking and also suggested that the council work to ensure that small businesses in the state continue to thrive and grow. He added that 80% of job creation is driven by small businesses. At the conclusion of this discussion, a member said that he believed that the fact that New Mexico is not a "right to work" state is a barrier to economic development. A few members responded that economists and economic development experts from the University of New Mexico and New Mexico State University have advised the council that the "right to work" issue

is not actually a barrier to job creation in New Mexico. Another member suggested that the issue could unnecessarily politicize the council's work.

Review and Selection of Previously Proposed Job-Creation Initiatives

Representative Martinez reminded the council that several of the measures introduced during the 2014 session were one-time appropriations. He added that certain of those measures might be more effective if included in recurring budgets.

Mr. Lautman reviewed several measures that were introduced during the 2014 session (shown on page 26 of the handout). In addition to those legislative proposals listed, he noted that the council could consider additional measures for the 2015 session using the council's established criteria. A member observed that the first 10 items on page 26 of the handout can be combined into one request for increased funding, but added that a few of those requests may need revision. There was no objection from the council to combining those requests for appropriations. Mr. Lautman noted that the Tourism Department is not likely to make a request for additional funding during this session, and he added that the department has good accountability measures and can track the return on its investments. A member stated that unless the department objects, the council should move forward with a request for additional funding for the Tourism Department.

The council discussed the formation of work groups or teams to work on each of the legislative proposals the council agreed to pursue. Mr. Lautman suggested that each work group would have an opportunity to make a short presentation to the council at its July meeting. The council could then vote on which proposals to endorse.

Regarding item two, Mr. Lautman explained that Mr. Lehman and an organization from Boulder, Colorado, have been working for a few years with the Higher Education Department to project where gaps in qualified workers will exist in the future in New Mexico. He added that the model would help to identify limitations in the area of work force and would allow for combined job-creation and work-force efforts. Mr. Lehman added that an additional \$100,000 to \$150,000 would help to support the work on that model and that the model would also show the number of workers who leave or enter the state and those workers' major areas of study.

A member suggested that it is important that the executive and legislative branches have a relationship of trust that would eliminate the need for the legislature to earmark funding. Regarding item three, Mr. Lautman stated that the middle school physics pilot project is in its second year in Colorado Springs, Colorado, and data show that in one year, students' test scores have increased dramatically and even exceeded grade level. The program does not have to be taught by science teachers and would require a one-time appropriation to establish four pilot programs in New Mexico.

Regarding item seven, Mr. Lautman explained that Texas has a \$250 million to \$300 million closing fund, and New Mexico's equivalent of that fund is approximately the size of San

Antonio's. While New Mexico may not need that much, it probably needs an amount proportional to the number of deals that would need to be closed in the coming years to create jobs in the state. A member pointed out that New Mexico appropriates money, which can be used similarly to that in a closing fund, to the EDD for implementing the Local Economic Development Act (LEDA). The member suggested, therefore, that the council not use the term "closing fund" in its discussions. This could also help to clarify the confusion around whether New Mexico actually has a closing fund. Members of the council discussed the LEDA and the fact that there are certain restrictions on how money in that fund can be used, that it is an exception to the Anti-Donation Clause in the state's constitution and that a local community has to pass an ordinance prior to accessing money through the LEDA.

Mr. Lautman reminded the council that when it is deliberating on the amount of money to request for the LEDA, it should consider whether the amount requested matches the council's strategic goals and the number of job-creating transactions contemplated and needed. He added that the EDD budget was \$18 million 20 years ago; today it is closer to \$6 million, and all economic development investments need to be increased.

Regarding item eight, Mr. Lautman stated that the affected sector — solo or independent workers — is one of the most neglected economic-base sectors. Workers in this sector work out of their garages or homes or use a mobile platform. Transactions in this sector are singular; one transaction creates one job. In order to create these jobs, unemployed New Mexicans need to be converted into solo workers. A project like this needs to be piloted, and assistance could come from the small business development centers, MainStreet programs and other local efforts. A member remarked that he recently spoke with solo-worker lobbyists at a conference, and they reported to him that they would consider moving to an area like Albuquerque if it offered entertainment or activities for their non-working hours.

Regarding item nine, Mr. Lautman explained that millions of dollars to be used for forest thinning are entering the state and that thinning activity will create biomass and wood products like latillas and vigas that need a market. The EDD has already begun work in this area in a few locations in the state. A member noted that New Mexico Highlands University and Luna Community College have established forest restoration and cutting programs.

Proposed Work Plan and Meeting Schedule

Ms. Ryan presented the council's proposed work plan and meeting schedule for the council's consideration. The council adopted the proposed work plan and meeting schedule without objection.

Mr. Lautman informed the council that he and the other contractors would begin forming teams around each legislative proposal so that proposed bills containing appropriations would be ready for the council's consideration on July 23.

Public Comment

Vanessa Alarid, lobbyist for Western Albuquerque Land Holdings, reported that the organization is a partner in the council's job-creation efforts. Therese Varela, a division director with the EDD, explained that of the \$1.5 million that was appropriated to the Job Training Incentive Program (JTIP) in the 2014 session, only \$500,000 of it was included in the EDD's base budget. She added that the appropriation to implement the LEDA was also a reverting appropriation.

An economic development executive from Cibola and Grant counties said that the 10 appropriations items considered by the council that day are indispensable programs that should be recurring.

Adjournment

There being no further business before the council, the first meeting of the Jobs Council for the 2014 interim adjourned at 4:39 p.m.

**MINUTES
of the
SECOND MEETING
of the
JOBS COUNCIL**

**July 23, 2014
Carpenters Local Union Hall
Albuquerque**

The second meeting of the Jobs Council (council) was called to order by Representative W. Ken Martinez, co-chair, on July 23, 2014 at 10:22 a.m. at the Carpenters Local Union Hall in Albuquerque.

Present

Rep. W. Ken Martinez, Co-Chair
Sen. Mary Kay Papen, Co-Chair
Ray M. Baca
Terry Brunner
Sen. Phil A. Griego
Sen. Stuart Ingle
Beverlee J. McClure
Rep. Rick Miera
Sen. George K. Munoz
Rep. Debbie A. Rodella
Alex O. Romero
Sen. Michael S. Sanchez
Sen. Pat Woods

Advisory Members

Sen. Michael Padilla
Sen. John C. Ryan
Rep. Don L. Tripp
Rep. James P. White

Guest Legislator

Sen. Benny Shendo, Jr.

Guest Cabinet Members

Jon Barela, Secretary of Economic Development
Monique Jacobson, Secretary of Tourism
Dr. Jose Z. Garcia, Secretary of Higher Education

Absent

Rep. Donald E. Bratton
Celina C. Bussey
Rep. Stephanie Garcia Richard

Sen. William F. Burt
Rep. Mary Helen Garcia
Rep. Patricia A. Lundstrom
Sen. Howie C. Morales
Sen. Steven P. Neville
Rep. Thomas C. Taylor

Staff

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

Guests

The guest list is in the meeting file.

Handouts

Handouts and other written testimony are in the meeting file.

Wednesday, July 23**Review of 2014 Interim Process Guidelines**

Mark Lautman, lead program consultant to the council, reviewed the council's progress in the 2013 interim and said that during the 2014 interim, the council would focus on pursuing legislative measures, including several appropriations, aimed at job creation. He emphasized that the work would include coordination with the Legislative Finance Committee (LFC) and the executive branch.

Mr. Lautman explained that during the last interim, the council estimated that the state would need to create 160,000 economic base jobs over the next 10 years to return to pre-recession employment levels. That number accounts for the 30% of jobs that will be lost through attrition and for the new jobs that will be needed as the state's population increases.

A member highlighted the fact that New Mexico continues to lose jobs and asked Mr. Lautman how the council's work could support the private sector and enhance opportunities for local businesses to contract with state government. Mr. Lautman responded that the continued loss of jobs is accounted for in the number of new jobs the council estimated during the 2013 interim. He added that at a later meeting, the council could consider whether the state could make strategic or programmatic changes to encourage contracting with local companies.

Mr. Lautman stated that the council would spend most of the day reviewing and considering for approval 10 legislative initiatives culled from the initiatives previously considered by the council. He added that during the council's next four meetings, more measures could be brought to the council for consideration.

Mr. Lautman stated that the council would be considering three kinds of proposals during the meeting: those that enhance existing economic development programs; those that seek to create programs where none currently exists; and those that seek to improve the overall business climate in the state to encourage development and job creation.

A member expressed an interest in receiving data showing the cost per job created of the state's economic development incentives. Secretary Barela stated that only certain of the state's incentive programs, like the Job Training Incentive Program (JTIP), were designed to make such reports available.

Representative Martinez reminded the council that the day's presentations on spending measures for job creation were some that the council put forward during the previous interim. He added that, as happened in New Mexico, job-creation funding is often cut during a down economy, and those cuts can depress job creation. Through its work, the council has seen that the state needs to carefully consider its economic development policies and to strategically allocate resources in its job-creation efforts.

Tim Karpoff, facilitator for the council, reviewed the process for the presentation of job-creation measures for the council's consideration. Representative Martinez added that any measure not unanimously supported by the council would not receive the council's approval.

Review and Selection of Previously Proposed Job-Creation Initiatives

New Mexico Partnership (NMP)

Noreen Scott, board member, NMP, thanked the council for its work and noted that the work is important for retaining in the state the state's best-educated young people. Ms. Scott said that the NMP was created to increase awareness that the state is a good place to do business. She added that the Tourism Department and Secretary Jacobson have improved New Mexico's image and helped it achieve recognition.

Ms. Scott said that over the past two years, Secretary Barela and the Economic Development Department (EDD) have focused on holding the NMP accountable for the money it spends. Forty percent of the leads for job-creation development in Rio Rancho originated with the NMP. Smaller communities in New Mexico receive even greater percentages of their leads from the NMP. Moreover, an untracked benefit of every recruitment of a large corporation is the corporation's philanthropic investment in the state.

Ms. Scott said that the proposal seeks \$1.5 million of additional funding for two years. In addition to supporting and expanding the capacity of the partnership, the increase would be used for face-to-face business development and other marketing. Ms. Scott delineated how much of the money would be used for advertising, direct mailings, sales missions, trade show participation, lead generation, social media tools, maquila supplier marketing and client-specific research.

Ms. Scott emphasized that the EDD's marketing budget is significantly underfunded. She also noted that the fiscal year 2013-2014 cost per job for the NMP's job-creation efforts was

\$625. She reviewed graphs that showed the correlation between jobs created and business opportunities located and funding levels.

A member asked whether the NMP receives a percentage of the money local communities collect through gross receipts taxes. Secretary Barela responded that some communities, like Alamogordo, use such money for economic development purposes and that in a few cases, those communities coordinate their efforts with the EDD. He added that local communities engage in economic development in a variety of ways, including through their councils of governments, through private-sector investments and through joint powers agreements with other governments.

A member asked whether efforts are made to combine funding from local governments with state funding for economic development efforts. Ms. Scott responded that some of the presentations that day would be focused on those kinds of cooperative efforts. She added that the NMP has several targets throughout the rural parts of the state.

In response to a question about how the NMP uses its resources, Secretary Barela stated that the NMP has a detailed, categorized prospect list. Lead origins are tracked, and the EDD works with local economic development organizations to improve a community's chances of securing a deal. He emphasized that his approach to economic development includes working to attract businesses that are leaving areas like San Diego, California, and that the NMP should be creative in its use of resources.

A member noted the importance of executive support for the council's requests for additional funding. Secretary Barela responded that the legislature and the administration are identifying job-creation priorities and that he participates in that work. He added his opinion that the increased funding for the NMP should be tied to conditions and metrics.

In response to a question, Secretary Barela stated that the cooperation between the EDD and local economic development organizations has been very good. He added that the NMP was formed in part to decentralize the urban tilt of the state's recruiting efforts and that the certified community initiative and the New Mexico MainStreet programs help smaller communities.

A member asked how the NMP's cost per job of \$625 compares with that of film incentives. Secretary Barela responded that a film study, which was recently completed, concluded that the industry is showing strong performance in the state. Film incentives come at a cost of over \$600 per job, and the film industry has created 9,000 direct jobs and 7,000 indirect jobs with average salaries of \$50,000 per year.

In response to a question, Ms. Scott said that the NMP helps businesses in their applications for incentives and grants. The NMP also works with existing businesses on financing, real estate and business expansions. Secretary Barela added that it is easier to help an existing New Mexico business to expand than it is to recruit out-of-state businesses and that the NMP works with large, small, public and private businesses.

A member commented that the state should avoid issuing regulatory decisions that could make the state less business- and industry-friendly.

A member asked for information about the number of leads the NMP generated, the number that were realized by the state and the number of trade missions made in the past two years. Another member requested that the NMP make a presentation to the Economic and Rural Development Committee about the businesses recruited by the NMP.

Representative Martinez asked the council members to vote on whether to support the increased funding for the NMP with the condition that the increase be subject to the inclusion and review of metrics and that it meet with support from the administration. The proposal was approved without objection.

Local Economic Development

Steve Maestas, managing partner, Maestas and Ward, presented a request for \$50 million for projects developed pursuant to the Local Economic Development Act (LEDA). Mr. Maestas summarized his professional background and noted that his affiliation with the Federal Reserve Bank of Kansas City has exposed him to some of the best economists in the country and in the world, who have given him insight into how financial policy affects states.

Mr. Maestas reported that 40 states have job-creation funds and that recently, many economic development incentive packages have included a work force component. Mr. Maestas emphasized that a well-funded job-creation fund would allow New Mexico to create economic base jobs and be essential to many major business expansions. He added that the money New Mexico has currently appropriated — \$15 million — is insufficient to support even one-half of the current economic development projects in the state. He emphasized that although the amount of money available for LEDA projects increased during the previous year from \$3 million to \$15 million, it would take an even greater investment to stimulate large-scale job creation.

LEDA projects, Mr. Maestas explained, are carried out by project participation agreements that contain clawback provisions to protect public money and that establish the obligations of the parties to the agreement. Before a project proceeds, an economic impact assessment is conducted to ensure that the project is viable and a good investment. Mr. Maestas reminded council members that the LEDA authorizes only those projects that involve investments related to land, buildings, infrastructure and other hard assets.

In response to a question, Mr. Maestas stated that infrastructure is a key component in attracting business. He noted that Arizona successfully secured a deal with Apple because the state had a solar building available for use by the company. New Mexico, he said, has limited buildings and infrastructure to offer, making it harder for the state to compete.

Representative Martinez reiterated that the proposal was to increase the appropriation for LEDA projects to \$50 million and to make that appropriation part of the recurring budget. Mr. Maestas stressed the importance of predictability in the availability of funding for LEDA projects. Several members commented on the importance of the clawback provisions. The council then agreed, without objection, to approve an appropriation of \$50 million for LEDA projects.

JTIP

Eric Montgomery, business development manager, Mesilla Valley Economic Development Alliance, presented a proposal to make a nonreverting appropriation of \$12 million for the JTIP. He noted that the \$1.5 million appropriated during the past year would be exhausted by December 2014. Mr. Montgomery characterized the JTIP as one of the state's most creative, flexible and effective economic development tools and explained that the program allows existing or recruited companies to enhance their employees' skills through reimbursements for training. The JTIP board, which includes public and private sector members, vets proposals and reviews the financial records for companies prior to making awards.

Therese Varela, director, Economic Development Division, EDD, stated that the JTIP currently has \$10 million, but \$8 million of that is obligated. She added that the EDD supports an appropriation of \$12 million for fiscal year 2016.

Without objection, the council agreed to approve the appropriation of \$12 million.

Cooperative Marketing

Mr. Lautman presented a proposal requesting \$2 million for the EDD for a cooperative marketing program. In the program, state funding would be matched by local economic development organizations. He noted that the program would be administered by the EDD and that the program's success could be measured by the number of qualified leads procured by each organization and the cost per lead generated.

In response to a question asking how the cooperative marketing program would differ from the LEDA program, Mr. Lautman responded that the LEDA program provides incentives to help the state close economic development deals, while the cooperative marketing program would help to increase the number of potential deals and encourage local communities to invest in their economic development programs.

The council approved the appropriation of \$2 million for a cooperative marketing program.

Economic Development Grant Act

Steve Howe, consultant, Steven Howe Consulting, presented a proposal for an appropriation of \$4.5 million for economic development staff augmentation. Mr. Howe reported that the Economic Development Grant Act, introduced in the 2014 session, was signed into law without an appropriation and that the appropriation would establish a 50%-50% match program for communities to hire additional economic development staff. The proposal would fund up to 30 economic developers for up to three years. On the fourth year, he said, the program would become a bonus program. The appropriation and the program could create up to 4,000 jobs at a cost of \$750 per job. A member stated that the program is sorely needed in the state's rural communities and expressed concern that the communities would terminate the employment of economic developers after the program's third year. Another member asked about the proposal's distribution of funding throughout the state. Mr. Lautman stated that the EDD, as administrator of the program, would evaluate requests and monitor progress associated with the awards.

The council approved an appropriation of \$4.5 million to implement the Economic Development Grant Act.

Solo Worker Pilot Program

Mr. Howe also presented a proposal for an appropriation of \$500,000 to establish a job-creation program focused on solo workers. He said that an increasing number of employers are relying on solo workers, and solo work is particularly important in rural areas where there may not be many other economic base employment opportunities. Mr. Howe noted that one or more of several departments could administer the program, which would begin as several three-year pilot projects. Through the program, a community would receive matching grant money to enable the community to convert its solo workers into economic base job holders by marketing their goods and services to out-of-state customers.

For the solo worker program to be successful, Mr. Lautman stated, a community would need to track the number of economic base solo worker jobs created. The solo workers could join a community of interest. Further, membership would be important to incorporate metrics, such as requiring that a certain percentage of a solo worker's revenue be from out of state for that worker's employment to qualify as economic base.

A member stated that access to broadband is a primary concern for many solo workers and communities in the state. Mr. Lautman commented that broadband access was identified by the council as a significant need for job creation in certain regions.

The council approved an appropriation of \$500,000 to implement a solo worker pilot program.

Forest Restoration Economic Development

Brent Racher, president, New Mexico Forest Industry Association, and Senator Shendo proposed an appropriation of \$250,000 for forest restoration economic development.

Mr. Racher stated that there is much need for forest restoration and that such work will produce a lot of raw materials. The proposal seeks \$250,000 for starting programs, primarily in rural areas, to convert the materials into products for sale. The program could include up to five restoration hubs in the state, and its purpose would be to encourage New Mexico businesses to take advantage of forest restoration investments.

Senator Shendo discussed his pueblo's involvement in forest restoration projects. The Pueblo of Jemez has received grants for its restoration project. There has been a forest fire in Jemez in each of the past three years, and the pueblo is trying to restore its forests to protect the people and animals that live there. Senator Shendo informed the council that millions of tons of material is being removed from the forest each year — most of it wood less than 12 inches in diameter. The pueblo is using its small mill to make lumber and tries to use every piece of removed material. The pueblo currently has eight full-time employees working on the project, but it could employ 30 to 40 additional employees.

A member noted that The Nature Conservancy has reported that forest restoration will have a significant economic impact and an impact on water in affected areas. Another member asked whether pellets for stoves are one of the products made with material removed from forests. Senator Shendo stated that most of the pellets sold in the state come from Arizona and Colorado.

In response to questions, Mr. Racher said that about 18% to 25% of the land for restoration projects is private and that the permitting process for restoration can be lengthy, but some areas are already in advanced stages of the permitting process.

The council approved the appropriation of \$250,000 for forest restoration assistance.

Middle School Physics

Mr. Lautman presented a proposal for a middle school physics pilot program. The proposal seeks \$250,000 to establish a pilot program that would institute a physics curriculum in five of the poorest-performing middle schools in the state. Mr. Lautman stated that the physics program was used in poorly performing schools in Colorado Springs, and the performance in those schools in three different subjects increased dramatically within one year. The program has been implemented in a school in Gallup. The appropriation would cover teacher training and delivery of the curriculum in five schools and help to increase student success in science, technology, engineering and mathematics (STEM) in school and, eventually, in the workplace. Several members expressed their excitement about the program and its potential to aid New

Mexico in providing qualified workers for STEM-related jobs. Responding to a question about teaching the curriculum online, Mr. Lautman stated that the experiential nature of the curriculum is critical to its success, and for that reason it is taught in a classroom.

The council approved the appropriation of \$250,000 to fund the pilot program.

Broadband Study and Report

Charles Lehman, director, Employment and Economic Information Center of New Mexico, Duncan Sill, economic and strategic development director, North Central New Mexico Economic Development District, and Mike Baca, Department of Information Technology (DOIT), presented a proposal seeking an appropriation of \$300,000 for a comprehensive study and report on statewide broadband infrastructure needs and solutions.

Mr. Lehman emphasized the importance of broadband accessibility for economic development and added that more than one-half of the state's rural economic development organizations report that accessibility in their areas is inadequate. He stated that the appropriation would fund a year-long comprehensive study by the DOIT that would enable it to complete broadband mapping for the whole state. The study would also help to identify barriers to and costs for needed infrastructure and programs that could be leveraged.

Mr. Sill stated that the project would be aimed at leveraging existing state program activities and investments such as stimulus funding. He noted that broadband does not only relate to the internet, but to the exchange of relevant information and that New Mexico has been ranked forty-seventh in the country for broadband access. He commended the work of the DOIT and said that it is necessary to translate that work into an assessment of needed investments.

A member requested that the tribal liaison for the DOIT work with Mr. Sill on the project and commented that broadband access enhances public safety. Another member asked whether the study has uncovered issues with easements and rights of way. Mr. Sill said that the DOIT has solidified relations with tribal entities and has focused on outreach to them.

The council approved the appropriation of \$300,000 to fund the broadband study.

Work Force Gap Analysis

Mr. Lehman presented a proposal for an appropriation of \$125,000 for a work force gap analysis model. He said that it would identify current and future work force needs. State and national organizations have done this, and it would be helpful to have a New Mexico-specific analysis so that the number of graduates could be compared to work force needs, and education could be tailored appropriately.

Secretary Garcia informed the council that the Higher Education Department (HED) has compared the state's graduates with the work force that is leaving the state. The HED has developed a graphic that aims to show work force supply and demand. It would like to work with the National Center for Higher Education Management Systems to improve and enhance the model to produce information on current and future supply and demand of various types of workers.

Mr. Lehman stated that the Workforce Solutions Department has a resource that tracks workers by social security number and identifies whether each worker is employed and, if so, in which county. He emphasized that the board uses information about groups of workers, not individuals, and stated that it is useful to see whether, following training, workers are finding employment.

The council approved the appropriation of \$125,000 for development of the work force gap analysis model.

Status Update of Local Data-Gathering Process

Mr. Lehman provided the council with a status update on the development of the council's online real-time dashboard site showing the data developed through the council's deliberations during the last interim. He stated that he is working to add data for counties and councils of governments to the state-level data developed by the council. A series of six-hour deliberations are planned in areas throughout the state, and the data solicited from those meetings will be included with the state-level data. Mr. Lehman stated that legislators will be notified when deliberative meetings occur in their districts.

Minutes

The minutes from the first council meeting were approved without objection.

Adjournment

There being no further business before the council, the second meeting of the Jobs Council for the 2014 interim adjourned at 4:33 p.m.

**MINUTES
of the
THIRD MEETING
of the
JOBS COUNCIL**

**August 28, 2014
Room 307, State Capitol
Santa Fe**

The third meeting of the Jobs Council (council) was called to order by Senator Mary Kay Papen, co-chair, on August 28, 2014 at 10:31 a.m. in Room 307 of the State Capitol in Santa Fe.

Present

Rep. W. Ken Martinez, Co-Chair
Sen. Mary Kay Papen, Co-Chair
Rep. Donald E. Bratton
Terry Brunner
Rep. Stephanie Garcia Richard
Sen. Phil A. Griego
Sen. Stuart Ingle
Beverlee J. McClure
Rep. Rick Miera
Alex O. Romero

Absent

Ray M. Baca
Celina C. Bussey
Sen. George K. Munoz
Rep. Debbie A. Rodella
Sen. Michael S. Sanchez
Sen. Pat Woods

Advisory Members

Rep. Patricia A. Lundstrom
Sen. Michael Padilla
Sen. John C. Ryan
Rep. Don L. Tripp
Rep. James P. White

Sen. William F. Burt
Rep. Mary Helen Garcia
Sen. Howie C. Morales
Sen. Steven P. Neville
Rep. Thomas C. Taylor
Eric Witt

Guest Legislator

Rep. Larry A. Larrañaga

Guest Members

Jon Barela, Secretary of Economic Development
Dr. Jose Z. Garcia, Secretary of Higher Education
Monique Jacobson, Secretary of Tourism

Staff

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

Guests

The guest list is in the meeting file.

Handouts

Handouts and other written testimony are in the meeting file.

Thursday, August 28**Welcoming Remarks — Approval of Meeting Minutes**

Senator Papen welcomed the council and members of the audience. Representative Martinez noted that Eric Witt is a representative of the film industry and a new advisory member of the council. With two revisions, the council approved the minutes for its July 23, 2014 meeting without objection.

Update on Council-Approved Legislative Initiatives

Representative Martinez reminded the council that it considered job-creation appropriations at its July meeting so that the recommendations could be considered during the legislative and the executive budgeting processes. Mark Lautman, lead program consultant to the council, noted that the council's 10 recommendations, approved at the council's July meeting, included items that the council considered during the 2013 interim. He stated that additional measures, such as an appropriation for the MainStreet program, would be considered later in the day and at subsequent council meetings. Several council members expressed their support for the MainStreet program and stated that the council could recommend an increase in the Economic Development Department's (EDD's) MainStreet budget or make a separate legislative request for the program's funding.

The council discussed the 10 job-creation recommendations. Mr. Lautman noted that the details of the solo worker program request were still being worked out with relevant state agencies and that the goal would be to establish several solo worker pilot programs throughout the state. The pilot programs could be housed in converted co-working spaces, community colleges or business incubator spaces.

In response to a question about the forest restoration economic development assistance proposal, Mr. Lautman explained that the federal government, through a competitive application process, is awarding contracts to applicants who are thinning forests. Much of the matter that is cut and removed has been wasted because a market for it has not been developed. This proposal would help in developing a market for cut and removed matter and to establish local programs to support forest restoration work. He added that staff from the EDD have been actively working on the issue.

Mr. Lautman commented on the importance of working with agencies, including the Tourism Department and the EDD, to determine how agencies' needs coincide with council

recommendations. Secretary Barela noted that his staff had been working with Mr. Lautman to develop an understanding of the programs recommended by the council.

Update on the Regional Data-Gathering Process

Tim Karpoff, facilitator for the council, stated that he and the contract team have been engaging local economic development organizations in the process followed by the council during the 2013 interim. The local organizations are integrating that process work with work related to their five-year regional plans, which increases efficiency.

Mr. Karpoff stated that meetings had been held in Albuquerque and at Ohkay Owingeh. Approximately 65 people attended the meeting in Albuquerque, including elected officials, business representatives and representatives from all four counties in the Mid-Region Council of Governments (COG). The group will meet again in September and October and will continue to work on identifying the job-creation capacity of all economic base sectors.

Tim Armer, executive director for the North Central New Mexico Economic Development District, talked about the meeting at Ohkay Owingeh. Approximately 63 people from Los Alamos, Rio Arriba, Santa Fe and Taos counties attended. He noted that there was a lot of deliberation among the attendees.

Mr. Armer stated that the Eastern Plains COG planned to meet in late October and that people from Colfax, Mora, San Miguel, Curry, Guadalupe, Harding, Union and Quay counties were expected to attend. He added that the details of the upcoming local meetings would be distributed to council members. Mr. Karpoff noted that the Northwest New Mexico COG had not yet scheduled a meeting in its region but that its executive director, Jeff Kiely, was supportive of the process.

A few members highlighted the importance of including members of the state's tribes and members of the business community in the local-level deliberations. In response to a question, Mr. Karpoff stated that the estimates that were emerging from the local-level meetings did not vary significantly from the estimates developed by the council last year.

Job Creation Through Procurement Reform

Ms. McClure, president and chief executive officer for the Association of Commerce and Industry (ACI), and Representative Garcia Richard presented on procurement reforms that could lead to job creation in New Mexico. Ms. McClure cited the example of Anthony Trujillo, the second-generation owner of Holmans, a small business headquartered in New Mexico, who has encountered difficulty in pursuing contracts with the state and attributes the issues to the state's procurement process.

Ms. McClure provided a list of recommendations for procurement reform that she said could lead to job creation at no cost to the state. She said that 3.6 jobs are created for every \$1 million that is invested by the state through contracting with a locally owned and headquartered

business. By contrast, she said, no in-state jobs are created through contracts between the state and out-of-state companies.

Ms. McClure explained the ACI's procurement reform recommendations, which feature more-stringent disclosure and reporting requirements, an independent appeals process and a revised point system for prioritizing companies that bid on state contracts.

Representative Garcia Richard said that the ACI's recommendations were developed after reviewing recent changes to the Procurement Code. She reiterated that the current contracting process is cumbersome and difficult for certain business owners to navigate. She also called the council's attention to the House Business and Industry Committee Substitute for House Joint Memorial 11 from the 2014 session, which requested that the secretary of general services develop training that could promote fairness in contracting. She added that the General Services Department (GSD) provided input for the memorial.

Regarding potential procurement reforms, a member suggested that New Mexico could require a certain percentage of state contracting to be undertaken with certified in-state businesses. Ms. McClure added that when businesses complete the in-state certification process with the Taxation and Revenue Department (TRD), that certification could be communicated to the GSD for use in procurement processes. The GSD, she said, will begin electronically warehousing contracts in fiscal year (FY) 2015. Finally, she stated that the Office of Business Advocacy within the EDD has worked with businesses seeking contracts with the state.

A member suggested that the GSD offer outreach to rural businesses to help them meet requirements when responding to requests for proposals (RFPs). Another member expressed the concern that even with additional education and outreach, contracts are often awarded to the bidder who already has an established relationship with the procuring officer.

On the related topic of investments in local start-up businesses by the State Investment Council (SIC), the council discussed whether the SIC should be encouraged to make greater investments in start-up businesses. They acknowledged that the SIC is obligated to earn money through its investments and that that responsibility might conflict with a requirement to make greater investments in start-up businesses.

In response to a question, Ms. McClure said that she knew of instances in which a state agency's RFP included requirements that appeared to be unrelated to the work sought but that automatically eliminated many in-state businesses from consideration. She said that those kinds of requirements should be justified. She also confirmed that the ACI would promote related legislation in the coming session.

In response to Ms. McClure's proposal relating to independent appeals hearing processes for procurement denials, a member noted the importance of project efficiency and timeliness, which could be compromised if the right to appeal is extended to additional parties. The council

discussed the possibility of creating an independent state administrative appeals tribunal to handle procurement and other appeals.

Improving Operational and Performance Metrics for Job-Creation Initiatives

Mr. Lautman stated that having effective analytic metrics for economic development programs is critical to securing sustained funding for programs. He added that metrics are useful to show how money for economic development is spent and that metrics can justify the state's offer of financial incentives to companies.

Mr. Lautman commented on the difficulty often encountered in identifying a party responsible for job creation and said that economic development professionals are not always willing to collaborate with others in their competitive profession. Those facts, he said, contribute to the difficulty in developing metrics for measuring the success of economic development programs. Because local and regional governments are engaging in the same process followed by the council in 2013, some useful and aligned data may begin to emerge, which could help promote some of the council-approved initiatives.

Mr. Lautman explained that traditional economic development programs include four functions: marketing; sales; completion resources; and product development. In order to effectively analyze programs, economic development organizations at all levels must use common definitions and measurements and communicate to ensure that development leads and created jobs are not attributed to or counted by more than one organization.

A member noted that computer software could help to streamline data collection and reporting. The council and Mr. Lautman discussed the idea that economic development is a very competitive field and that sometimes confidentiality requirements impede easy data collection.

Mr. Lautman cited examples of operations metrics that could be applied to a marketing and sales organization. A member noted that the amount of data collection that would be needed to support sustained economic development funding could require the work of one full-time employee in each of the many economic development organizations. Mr. Lautman stated that increasing economic development capacity would require the cooperation of private industry, banks, local government, agencies, the EDD and the New Mexico Partnership.

The New Mexico MainStreet Program's Role in Economic Base Job Development

Secretary Barela and Richard Williams, MainStreet director for the EDD, presented information about the state's MainStreet program. Secretary Barela stated that the program was recently recertified and that Mr. Williams and his two staff members are maintaining data on the program to support the appropriations and capital outlay requests that will be made during the 2015 legislative session.

Mr. Williams gave a brief history of the state's MainStreet program. He showed council members a map of the state's MainStreet communities and noted that each community is a

public-private partnership. He also highlighted the department's historic theater initiative, which includes providing assistance for converting theaters from analog to digital operations, and the historic plazas initiative. He added that local communities can access federal funding for developing their downtown areas through the federal metropolitan redevelopment program.

Regarding the MainStreet program's collaborative efforts, Mr. Williams stated that the program and the EDD work collaboratively with the Tourism Department and the Cultural Affairs Department, an example of which is the Building Creative Communities initiative, the first interagency program. The MainStreet program also works with the New Mexico Mortgage Finance Authority and the New Mexico Finance Authority to bring funding into communities and to assist with housing needs. Another collaboration, with the Department of Transportation, is focused on improving communities' streetscapes, which helps encourage business.

Mr. Williams informed the council of the MainStreet program's financial impact and needs. Over 29 years, the program has seen a return on investment of \$44.00 in private-sector capital investment for every \$1.00 of state investment. In FY 2014, 30 communities sought to join the program. The program would need three times its current funding in order to meet the costs associated with working with those 30 communities. He emphasized that the MainStreet program is not simply a grant to a community but instead is about communities establishing partnerships to solve local issues while slowly improving communities' downtown areas after an economic depression.

The EDD will seek capital outlay funding for the MainStreet program in the coming session. Mr. Williams emphasized that while his program has worked with the United States Department of Agriculture, federal funding is difficult to secure and state funding is essential for improving the historic downtown commercial areas in small communities. He suggested that a state tax credit could be used to encourage commerce and building renovation.

In response to a council member's question, Mr. Williams stated that to establish a MainStreet community, the community must first establish a nonprofit board with a paid director. He acknowledged that some communities have difficulty meeting initial requirements and the Frontier Communities program was initiated in response to those difficulties. He added that input from the residents in Frontier and MainStreet communities is being sought.

Several members voiced their support for the MainStreet program, and one member stated that an immeasurable success of the program is the pride that it brings to a community's residents.

Update on Development of an Online Jobs-Data Repository

Charles Lehman, director of the Employment and Economic Information Center of New Mexico, provided an update on the work in developing the online jobs-data repository. He stated that the resource's home page will explain the council process and feature terminology used by the council and local communities in determining the state's job-creation needs and potential. He

said the resource will eventually include tables showing data for each area in the state and for the state as a whole. There will be a limited number of administrators who can revise the information on the web site.

Mr. Lehman stated that at the end of the council's and regional areas' processes and when the online resource has been completed, the resource will be taken over and managed by the state's COGs and economic development districts. He said that at the council's last meeting for the 2014 interim, he will present a live version of the online resource to the council.

In response to a question, Mr. Lehman stated that as the state's regions develop jobs data, the regional administrators will be able to revise the information in the resource and will be required to submit justification for the revisions. With more accurate and up-to-date information included by regional organizations, the state's economic development organizations will be better able to coordinate their efforts. He added that the resource could include a feature that would note where a community is falling short in its job-creation goals.

Public Comment

Mary Campbell addressed the council and stated that her community's economic development organization in Harding County purchased a paint sprayer to support high school students who wished to paint buildings to improve downtown areas. She said that local efforts are helping to encourage young people to move back to the community and that their population has increased in recent years.

Adjournment

There being no further business before the council, the third meeting of the Jobs Council for the 2014 interim adjourned at 4:12 p.m.

**MINUTES
of the
FOURTH MEETING
of the
JOBS COUNCIL**

**September 15, 2014
Gadsden Administrative Complex
Santa Teresa**

The fourth meeting of the Jobs Council (council) was called to order by Representative W. Ken Martinez, co-chair, on September 15, 2014 at approximately 10:45 a.m. at the Gadsden Administrative Complex in Santa Teresa.

Present

Rep. W. Ken Martinez, Co-Chair
Sen. Mary Kay Papen, Co-Chair
Terry Brunner
Rep. Stephanie Garcia Richard
Beverlee J. McClure

Absent

Ray M. Baca
Rep. Donald E. Bratton
Celina C. Bussey
Sen. Phil A. Griego
Sen. Stuart Ingle
Rep. Rick Miera
Sen. George K. Munoz
Rep. Debbie A. Rodella
Alex O. Romero
Sen. Michael S. Sanchez
Sen. Pat Woods

Advisory Members

Rep. Mary Helen Garcia
Rep. Patricia A. Lundstrom
Sen. Howie C. Morales
Sen. Michael Padilla

Sen. William F. Burt
Sen. Steven P. Neville
Sen. John C. Ryan
Rep. Thomas C. Taylor
Rep. Don L. Tripp
Rep. James P. White
Eric Witt

Guest Legislators

Rep. Larry A. Larrañaga
Rep. Rodolpho "Rudy" S. Martinez

Guest Members

Jon Barela, Secretary of Economic Development
Dr. Jose Z. Garcia, Secretary of Higher Education

Staff

Tessa Ryan, Staff Attorney, Legislative Council Service (LCS)
Monica Ewing, Staff Attorney, LCS

Guests

The guest list is in the meeting file.

Handouts

Handouts and other written testimony are in the meeting file.

Monday, September 15**Welcoming Remarks**

Representative W. Ken Martinez introduced Efren Yturralde, superintendent of the Gadsden Independent School District, and thanked the district for hosting the council's meeting. Mr. Yturralde welcomed the council members to Santa Teresa.

Health and Education Sectors — Job-Creation Initiatives

George Mychaskiw, chief academic officer and dean of the Burrell College of Osteopathic Medicine, provided a brief history of osteopathy. The practice of osteopathy was developed on the principles that the body is made of many interrelated systems and that the body can heal itself. Osteopaths serve as family practitioners, obstetricians, gynecologists and anesthesiologists and in other professional capacities.

Mr. Mychaskiw stated that it will take approximately \$85 million to bring the college to full operation. Once it is opened, the college is expected to introduce 150 students into the work force each year. Eventually, that number will increase to 300.

A member asked about the progress of construction of the college. Mr. Mychaskiw said that construction is on target and that the college is expected to open in the fall of 2016. The college is located close to the early college high school on the New Mexico State University (NMSU) campus. In response to another question, Mr. Mychaskiw said that the osteopathy program lasts four years and is followed by a residency program.

Mr. Mychaskiw stated that the college hopes that at least 20% of its student body consists of New Mexicans. He added that 85% of students who complete osteopathic programs practice in primary care in underserved areas. The college hopes that many of its graduates will practice in New Mexico.

A member commented that outreach to area public schools might help to increase students' awareness of osteopathic medicine as a career path. Mr. Mychaskiw agreed that outreach is important and added that the college has hired someone to do educational outreach in local grade schools and high schools.

Mr. Mychaskiw stated that hospitals and federally qualified health centers create resident positions. There is funding available to assist centers and hospitals that have not established residency programs. Mr. Mychaskiw said that interactions with the medical community have been warm and that the school has been working closely with New Mexico's medical community.

A member asked about NMSU's financial relation to the college. Mr. Mychaskiw stated that the college is a private institution that is leasing land from NMSU. The college will offer its students certain services, like housing, that the college will purchase from NMSU. The college will provide scholarship funding to NMSU.

Mr. Mychaskiw stated that the college will create 250 jobs while in the construction phase, 100 full-time jobs when the college opens and approximately 200 long-term secondary jobs in related businesses, like retail establishments. The college estimates its economic impact in the community to be \$80 million.

Benjamin Woods, special assistant to the president of NMSU, spoke to the council about NMSU's involvement with the college. In March 2013, Mr. Mychaskiw contacted NMSU about the possibility of affiliating with the college. When NMSU became affiliated with the college, NMSU's president stated that NMSU would not support the college through investment of public funding. In addition, because the affiliation would reflect on NMSU's brand, NMSU decided that the college would have to be accredited in order to affiliate with NMSU.

In response to a question about the college's increasing need for student housing, Mr. Woods stated that NMSU approaches housing like a business that requires a predictable client base, which the college will be able to provide. Mr. Woods added that NMSU has significant land holdings, and approximately 200 of its 900 acres are leased to the Arrowhead Center.

Several council members expressed excitement about the opening of the college and appreciation to the Burrell family for investing in the college.

Work Force Development Initiatives

Stacie Allen, president and chief executive officer (CEO) of The Bridge of Southern New Mexico (BSNM), spoke to the council about her organization's work in Dona Ana County. BSNM was started in 2007 with the goal of ensuring that all students in Dona Ana County graduate with skills to make them competitive in the international work force. The county's graduation rate in 2007 was 51% and has increased to 71%.

The organization focuses on dual-credit high school courses and community mentorships for students. Ms. Allen emphasized the ties between her organization and members of the business community and employers and stated that it is important for students to develop in-demand job skills.

The organization believes that education, work force issues and economic development should be addressed simultaneously.

Bryn Davis, the New Mexico operations manager for Sapphire Energy, Inc., spoke to the council about The Employability Partnership, saying that 48% of third grade students in the state cannot read. This group of students, he said, is four times more likely than those who can read in third grade to drop out of high school. The Employability Partnership seeks to evaluate the effectiveness of work force delivery systems and to identify policy impediments to producing employable New Mexicans.

Mr. Davis cited statistics about the state's projected work force needs, necessary education requirements for projected jobs and the correlation between the inability to complete high school and subsequent reliance on public assistance programs. He stated that the state should require better returns on the large investments it makes in its education system.

Mr. Davis suggested several approaches to overcoming the state's work force and education concerns. He said that the private sector should be viewed as the customer in the state's work force delivery systems and that it is critical that the state find a way to collect better data on students and on the outcomes of its investments in the education system. These data are needed in order to tailor programs to solve specific problems. In conclusion, Mr. Davis emphasized the importance of involving the business community in economic development, work force and education conversations and on the critical need for data collection related to education investments.

A member expressed support for early college high schools, saying that they help to reduce college student loan debt, offer alternatives for students who struggle in high school and provide a good example of successful public-private partnerships. The presenters stated that a majority of the recent early college high school graduates became students at NMSU, and several of them entered the work force shortly after graduation.

Mr. Davis explained that the partnership was formed by executive order and includes representatives from seven cabinet agencies and the business community. He would like the Public Education Department (PED), the Higher Education Department and the Workforce Solutions Department (WSD) to collect and use data that can lead to solutions to work force and education issues. Privacy protections sometimes impede the collection of helpful data.

A member asked with whom legislators can discuss the partnership's work in particular districts. Mr. Davis provided his phone number and stated that Mark Lautman, the lead program consultant to the council, has been involved in the partnership's efforts.

Regarding jobs in the Santa Teresa area, a member asked whether legislation addressing trucks that carry overweight loads would be introduced in the 2015 session. Secretary Barela stated that past legislation addressing truckloads was key to the expansion of business in the

border region. He added that the Economic Development Department (EDD) would likely pursue legislation related to overweight loads in the next session.

Secretary Barela addressed needs for road improvements in the Santa Teresa area. He said that the focus should be on improving Airport Road, which gets heavy truck traffic. A council member said that adding hangars to the airport could help area businesses.

Secretary Barela also addressed border traffic concerns. He stated that the governor has been working with the Mexican government to develop temporary and, eventually, permanent solutions to slow-moving traffic headed into Mexico. The number of hours during which cars are allowed to cross into Mexico ultimately needs to be increased, he said.

A member asked Mr. Davis how his organization addresses the kinds of issues, such as poverty, violence and hunger, that many students face outside of school. Mr. Davis stressed the importance of collecting student-related data to help develop strategies to ensure that students become successful members of the state's work force. Ms. Allen added that dual-credit programs show students, who might otherwise not know, that they can be successful college students.

Ms. Allen said that her organization offers opportunities for employers to mentor students and to encourage them to seek out careers in various sectors. She added that the mentorship program helps students to develop soft skills in addition to work skills.

A member asked about what contributes to the successes of students who graduate from the early college high schools and other area schools. Ms. Allen said that she believes the students' success is due to the high expectations to which they are held. There are no competitive sports offered at the early college high school, and the school's students — who are accepted through a competitive application process — are very focused on their studies and have a clear picture of where their education is taking them. The ability to focus on a tangible goal is a great motivator, she said.

In response to a question about the source of the statistics that Mr. Davis presented, Mr. Davis said that he obtained the statistics from the PED.

Ms. Allen informed the council that the early college high school model was not developed in New Mexico, but rather emerged from nationwide research. She added that BSNM is working to track the students in the first cohort that graduated from the early college high school.

A member asked the presenters to list the barriers to employment on which the legislature should focus. Ms. Allen stated that there is a need for accountability in education funding. High-quality educators need to be identified and hired, and student assessments and evaluations systems need to be measuring success in reaching the state's educational goals. Mr. Davis

reiterated that data collection is an important part of developing solutions to the state's work force needs.

Update on Council-Approved Legislative Initiatives

Mr. Lautman reviewed the 10 legislative recommendations developed by the council in its 2013 and 2014 interim work. The council's total request for appropriations in its job-creation legislative recommendations is \$70,425,000 and includes requests for funding the New Mexico Partnership, Local Economic Development Act (LEDA) projects, the Job Training Incentive Program (JTIP), a cooperative advertising program, local economic development staff augmentation, a solo-worker pilot program, a forest restoration program, a middle school physics pilot program, state broadband needs assessments and a work force gap forecast model.

A member commented that the council should be able to articulate the reasons for each request and the details of each program's operation.

In response to the question of whether the council would request funding for MainStreet programs, it was stated that the list of recommendations was open for revision by the council and that, by consensus, items could be added or removed.

Improving Operational and Performance Metrics for Job-Creation Initiatives

Mr. Lautman informed the council that data collected from local economic development organizations would help support its requests for funding. He added that a common methodology to govern how job-creation and job-needs information is reported and compiled is needed.

Mr. Lautman identified the following four ways in which the state could achieve greater reporting of job-related data:

1. amend the state's business-related tax and unemployment insurance processes to require reporting of the number of jobs (full-time-equivalents) and the percentage of company revenue derived from out of state;
2. liberalize privacy restrictions for selected WSD employment data;
3. require employers that take advantage of state incentives to report on employment and investment; and
4. create a gross receipts tax exemption on solo work billed to out-of-state clients with quarterly reporting protocols.

Mr. Lautman stated that the data collection is critical to show that the way the state spends money on economic development initiatives is producing desired results. He added that it

will be important to ensure that the legislature, the Legislative Finance Committee and executive agencies have the information they need to support the council's appropriation requests.

A member underscored the difficulty in justifying the council's requests without a method for valuing various steps in the economic development process, such as lead development, closing deals and identifying prospects. The member also noted that some of the council's requests should be for recurring funding to create stability and predictability in the state's economic development incentives and programs. Another member added that some funding should be recurring because economic development pursuits occur in greater-than-one-year periods.

Job Creation in the Border Region

Jerry Pacheco, executive director of the International Business Accelerator, talked about border area employment developments. Trade between New Mexico and Mexico has increased by a factor of 30, and the port in Santa Teresa is seventh in terms of the volume of trade conducted through the port, he said.

Mr. Pacheco noted that very few New Mexico-based customs brokerage firms can be retained for facilitating shipments from New Mexico to Mexico. For this reason, Texas-based firms frequently secure those contracts and, as a result, the trade volume between New Mexico and Mexico may be understated.

With respect to business activity involving Mexican maquiladoras, Mr. Pacheco stated that most of the raw materials have to be imported into Mexico from the United States, which results in a lot of trade activity and shipments of plastics, metals and packaging to Mexico. Many suppliers are locating in El Paso to take advantage of this trade activity, and New Mexico has an opportunity to encourage suppliers to locate in southern New Mexico. If the state brings suppliers to southern New Mexico, it will have to address the shortage of appropriate vacant buildings. Meanwhile, Texas's building vacancy rate is approximately 12% to 13%.

Mr. Pacheco updated the council on Foxconn's activities. Every day, the company makes 55,000 Dell computers and fills 300 trucks with computers for export to the United States. A designated traffic lane is being developed to accommodate the resulting growth in traffic. Union Pacific Railroad is another economic driver in southern New Mexico, reported Mr. Pacheco. From an initial \$480 million investment, 3,000 construction jobs and 600 permanent jobs associated with the railroad have been created.

Because of the activity and development in the Santa Teresa area, Mr. Pacheco reported that infrastructure is wearing out and needs to be maintained and improved. The community will seek capital outlay funding for this purpose. In certain cases, infrastructure needs are being aligned with needs on the Mexican side of the border to increase the efficiency and effectiveness of improvements that are made on each side of the border.

A member asked about lodging near Foxconn, and Mr. Pacheco informed the council that one extended-stay hotel in the area is primarily for Taiwanese company managers. However, a second hotel in Santa Teresa is open to the public.

In response to a question about the fence at the border, Mr. Pacheco stated that extending the fence to accommodate increased traffic lanes at border crossings would cost approximately \$2 million. He said that when the fence was built, the amount of traffic at the port was not anticipated.

A member proposed that the council support the use of severance tax bonding capacity for economic-base jobs development.

Job Creation in the South Central Region

Davin Lopez, president and CEO of the Mesilla Valley Economic Development Alliance, reported to the council that his organization works closely with Mr. Pacheco and the Arrowhead Center at NMSU on area economic development. He stressed that continuity in state-sponsored incentives improves his ability to effectively spur economic development.

Mr. Lopez stressed that the Las Cruces area has some of the best air space in the country and that it holds unique opportunities for the unmanned air vehicle industry. He said that there are also opportunities in logistics, back-office operations and manufacturing in the southern part of the state, but the Las Cruces and Santa Teresa areas are the only places that currently have infrastructure to support economic development.

Mr. Lopez outlined some economic opportunities that the state has lost because of the state's lack of adequate facilities, utility costs, low labor-market skills and insufficiently competitive incentives. Those opportunities could have produced more than 5,000 jobs. He suggested ways that the state could increase its competitiveness, including by increasing funding for LEDA projects, increasing funding for the JTIP, increasing funding for the New Mexico Partnership and establishing a local economic development organization matching-fund program to allow employment of more economic development professionals.

Mr. Lopez reminded the council that the state's economic development incentives are provided after the benefits to the state have been realized.

Kevin Boberg, associate dean and director for research and economic development for the NMSU College of Business, stated that NMSU is trying to bring out-of-state NMSU graduates back to the state. They are particularly targeting those graduates who may be in a position to expand a company or business in New Mexico. He added that this is the first time in 20 years that economic development and community engagement work is an explicitly stated goal of NMSU.

A member asked for a listing of the businesses that Mr. Lopez identified as lost opportunities for the state. Mr. Lopez said that he could name approximately six such businesses in the Dona Ana County area.

In response to a question about how the state can better position itself to quickly take advantage of economic development opportunities, Mr. Lopez stated that some jurisdictions use "fast-track permitting" processes, which are established at a local level.

Investment in Technology Research Gap Funding

Senator Padilla made a presentation to the council on steps that could be taken to encourage young entrepreneurs who are developing intellectual property to keep their ideas and business in the state. Senate Bill 99 from the 2014 session would earmark funding to help entrepreneurs move from the idea stage of development to production or expansion. Currently, he said, entrepreneurs are taking their ideas out of state for production; however, the state may be able to encourage them to stay in the state and benefit by affiliating with a university.

Mr. Boberg stated his support for Senator Padilla's proposal. Mr. Boberg informed the council that he was a co-creator of the Arrowhead Center, and he has seen the benefits of investing in students by supporting production of their innovations.

Update on Development of the Online Jobs-Data Repository

Charles Lehman, director for the Employment and Economic Information Center of New Mexico, updated the council on the online jobs-data repository. He provided the council members with printed copies of the pages that will be included in the online resource. The pages will include information on the council's interim work during 2013 and 2014, its membership and process, the jobs data compiled at the state and regional levels and interactive maps showing jobs needs and job creation in regions throughout the state.

Mr. Lehman reported that he is on schedule to finish development of the web site and that the content, which needs to be formatted, has been collected.

A member asked that information related to regions throughout the state and for the state as a whole be made available. In response to a question, Mr. Lehman stated that the web site would be housed on his organization's server but that it could be connected to the legislature's web site.

Public Comment

Teresa Johansen, chief operating officer for the Roadrunner Food Bank (RFB), asked for the council's support for capital outlay funding for the RFB. The funding would be used to purchase delivery trucks with which clients — primarily formerly incarcerated individuals — would be trained and given an opportunity to obtain a commercial driver's license. The clients would develop a job skill, the organization would receive delivery services and, ultimately, the state would benefit from the reduced recidivism of clients working for the RFB. Ms. Johansen

said that unemployment closely correlates with increased recidivism. She added that once clients receive training and a commercial driver's license, the RFB would help them to find permanent employment as delivery drivers.

Ms. Johansen said that the RFB would request \$550,000 in the 2015 session.

Adjournment

There being no further business before the council, the fourth meeting of the council for the 2014 interim adjourned at 4:25 p.m.

**MINUTES
of the
FIFTH MEETING
of the
JOBS COUNCIL**

**October 16, 2014
Room 307, State Capitol
Santa Fe**

The fifth meeting of the Jobs Council (council) was called to order by Representative W. Ken Martinez, co-chair, on October 16, 2014 at 10:27 a.m. in Room 307 of the State Capitol in Santa Fe.

Present

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

Absent

Ray M. Baca
Celina C. Bussey
Sen. Stuart Ingle
Sen. Michael S. Sanchez
Sen. Pat Woods

Advisory Members

Rep. Mary Helen Garcia
Rep. Patricia A. Lundstrom
Sen. Michael Padilla
Rep. Don L. Tripp
Eric Witt

Sen. William F. Burt
Sen. Howie C. Morales
Sen. Steven P. Neville
Sen. John C. Ryan
Rep. Thomas C. Taylor
Rep. James P. White

Guest Legislator

Rep. Larry A. Larrañaga

Guest Member

Barbara Brazil, Deputy Cabinet Secretary, Economic Development Department (EDD), for Jon Barela, Secretary of Economic Development

Staff

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

Guests

The guest list is in the meeting file.

Handouts

Handouts and other written testimony are in the meeting file.

Thursday, October 16**Welcoming Remarks**

Representative Martinez welcomed the council and introduced recent council appointee Eric Witt. The council approved the minutes for its August and September meetings without objection.

Work Force Development Initiatives: Collaborating to Prepare for the Jobs of the Future

Suzanne Hultin, policy specialist for the National Conference of State Legislatures' (NCSL's) Education Program, summarized the history of and services offered by the NCSL. The NCSL has created the Foundation Partnership on Jobs and Innovation, which examines the role of policymakers in job creation. At its meetings, the partnership has discussed innovation, education, work force development, entrepreneurship and job creation.

Ms. Hultin said that in the coming years, the number of middle skill jobs — those that require a college certificate or an associate's degree — will increase, while the number of workers who are qualified for those jobs is likely to be insufficient to meet the demand. It is projected that by 2020, 62% of jobs in New Mexico will require worker education beyond a high school diploma.

In response to work force and jobs projections, several states have developed initiatives to align primary, secondary and post-secondary education programs with in-demand job skills. Ms. Hultin discussed initiatives in the states of Washington, Kentucky, Pennsylvania and Michigan.

In 2005, the State of Washington started the Integrated Basic Education and Skills Training (I-BEST) Program, which combines basic skills with college-level technical education that leads to a degree or certificate in an area of high-employment demand. The program emphasizes basic writing, math and word processing skills, along with soft skills, to prepare students for the workplace. Data show that students who participate in the I-BEST Program are nine times more likely to complete credential programs than students who do not participate. The successful program has been replicated in community colleges throughout the country.

In 2010, Toyota Motor North America, Inc., in Kentucky identified the need for workers with a new skill set and created a partnership with a community college to address that need. The partnership combines classroom instruction with on-the-job training in a Toyota manufacturing facility. Students earn up to \$30,000 per year while participating in the program and receive an associate's degree in applied science upon completion.

The Pennsylvania Industry Partnerships have been formed to bring employers, workers and career and technical educators together to address common work force needs. Industries represented through the partnerships are manufacturing, biomedicine, business, financial services and health care. Partnerships have been formed with approximately 6,300 businesses, and 73,000 employees are currently participating in or have completed the program's industry partnership worker training. Participants gain valuable job training and education and receive an average of 13% more in wages.

Realizing that it needed twice the number of workers with credentials and post-secondary degrees to recover from the recession, Michigan started its No Worker Left Behind program. Using Workforce Investment Act funds, the initiative provided participants with \$5,000 per year for two years to cover tuition and fees at community colleges or other educational institutions. Participation exceeded expectations; approximately 62,000 people signed up. On completion, more than 60% of the participants found employment and over half of the participants said that the program helped them in securing a job.

Regarding policymakers' role in work force development and job creation, Ms. Hultin recommended that legislators examine the state's existing, successful programs to determine whether they can be replicated or scaled for other communities in the state. She also suggested that policymakers work to identify funding sources for work force programs.

Questions

A council member asked how an aging work force is factored into the initiatives described. Ms. Hultin noted that the program in Kentucky was created in part because Toyota identified issues related to an aging and retiring work force. Another member stated that New Mexico's manufacturing sector comprises just 3% of the state's economy, meaning that manufacturing jobs are scarce. Ms. Hultin agreed that work force and job-creation initiatives need to be aligned with each state's economy so that job training is appropriate for the state's in-demand jobs.

A council member highlighted the successes of the national nonprofit SkillsUSA's work in New Mexico. The organization provides training for careers in culinary arts, block laying, welding and other areas. The member recommended that the program be expanded. Another member recalled that there are programs in the state that offer the opportunity to obtain a journeyman's license and college credit simultaneously, which the member believed was a useful way to structure job-training programs. Ms. Hultin added that some reports show that first-year earnings for welders are significantly higher than for graduates with bachelor's degrees.

Capitalizing the Rising Innovation-to-Enterprise Sector

Mark Lautman, lead program consultant for the Jobs Council, addressed the anticipated increase in the number of available jobs related to technology and innovation. He said that representatives from the Mid-Region Council of Governments estimated that they would be able to create 1,000 jobs each year over the next 10 years in these sectors.

Perry E. Bendicksen III, a lawyer with the Rodey Law Firm, spoke to the council about New Mexico's technology start-up enterprises' need for equity capital. Mr. Bendicksen noted some of the benefits to jobs in this sector, including the average start-up salary of over \$71,000, the fact that the industry collaborates well with the state's national laboratories and the fact that the industry's jobs have very little impact on the state's water resources and air quality.

Mr. Bendicksen said that technology start-ups need financing options in addition to the traditional credit cards, mortgages and loans from friends and family. Start-ups face a financing challenge because typically their only assets are personnel and intellectual property, and securing financing beyond initial investments and angel investments is the only way start-ups can grow to maturity.

Venture capital, said Mr. Bendicksen, is a creation of government that grew out of government pension fund investments. Venture capital investors tend to make investments in businesses located near them. He added that venture capital investments cycle in 10-year increments. During the first five years, investors' funds are invested, and during the second five years, the investments are harvested.

New Mexico's sovereign wealth fund is managed by the State Investment Council (SIC). Mr. Bendicksen recalled that changes to the SIC's administration now provide for the SIC to make venture capital investments, and he reviewed the applicable statutory changes. He said that from 2008 through 2014, just two venture capital investments had been approved by the SIC, but neither of them has closed. Based on the 10-year venture capital investment cycle and the lack of venture capital investments over the past six years, a whole generation of venture capital investments has been lost.

Mr. Bendicksen opined that the SIC has misinterpreted the legislature's directive to the SIC, and he reiterated the importance of the language in Section 7-27-5 NMSA 1978, which states that "differential rate investments" are permitted and "are intended to stimulate the economy of New Mexico and to provide income to the severance tax permanent fund". He added that the SIC's policy manual states that "the creation, retention or expansion of employment opportunities and economic growth in the state" is one of the SIC's objectives. Even if good New Mexico-business-based investments are difficult to identify, the state loses opportunities and economic-base jobs by investing in other states' ventures. He concluded by explaining a legislative proposal from the Association of Commerce and Industry (ACI) that would, among other things, require the SIC to invest no less than 7% of the Severance Tax Permanent Fund (STPF) in New Mexico companies.

Chris Madrid, executive director of Taos Entrepreneurial Network, explained a program operating in northern New Mexico that receives funding from Los Alamos National Laboratory and the United States Department of Agriculture (USDA). The program provides assistance with accessing capital to rural entrepreneurs who, he said, are essential to economic development and job creation in the state.

Mr. Madrid said that prior to the recession, he would easily connect client businesses with the capital needed to grow their businesses. Currently, he is having difficulty identifying sources of capital for clients, and he reported that this forces businesses to relocate out of state in order to expand.

Bill Bice, chair of ABQid, told the council about several of his successes as a businessman and entrepreneur who started his first company, ProLaw Software, when he was 19 years old. He said that fundamental change in New Mexico's economy is possible through support of existing in-state companies. He added that when a branch of an out-of-state business is recruited to New Mexico, the state does not receive the benefit of having the company's decision-makers located in the state.

Mr. Bice said that there are numerous technology innovators in Albuquerque that need assistance with turning their ideas into businesses. Currently, only one in 10 viable innovations is receiving support through investment, and it is critical that New Mexico begin to invest in its own entrepreneurs.

Kathy Keith, executive director for the Regional Development Corporation (RDC), reported that the Venture Acceleration Fund (VAF) is used to invest in the commercialization of technology, which, in turn, creates jobs. The fund was started in 2006 and is administered by the RDC. VAF funding is received through a competitive application process and has been used to invest in a diverse range of companies, including high-technology, software, environmental and value-added agriculture companies.

Ms. Keith told the council that Taos Mountain Energy Bars received assistance from the VAF that allowed the company to purchase equipment and packaging materials that would double the shelf life of its products, thus enabling the business to grow. She also highlighted the success of SportXast, a company started in Santa Fe, that received VAF funding and currently employs 16 people at its Silicon Valley location. She added that since 2006, the VAF has invested \$3.2 million in 49 companies, leading to 159 jobs and a return on investment of \$113.5 million.

Questions

A council member agreed that companies are relocating out of state because of a lack of venture capital in New Mexico and asked whether students are able to receive VAF funding. Ms. Keith responded that students are eligible and added that the RDC holds teen "start-up weekends" during which youth meet to discuss start-up ideas and business practices.

A member asked about venture capital funding needs and whether the businesses seeking funding are outside the metropolitan areas of the state. Mr. Bice said that \$50 million per year in credible investments could be made in companies in Albuquerque, and approximately \$180 million per year could be made in companies statewide if funding were available.

A council member noted that the ACI is considering holding an event that allows entrepreneurs to make quick business pitches and compete for funding.

In response to a question about how an entrepreneur decides that it is time to seek seed money to fund an idea, Mr. Bice said that Innovate ABQ is working to teach entrepreneurs the steps involved in starting a company. Innovate ABQ, a business incubator, identifies entrepreneurs who are willing to be coached in market demands to create viable businesses.

A council member asked about the ACI's legislative proposal, and Mr. Bendicksen explained that the law currently allows 9% of the STPF to be invested and that the SIC has a target of investing 5%; however, the entire 5% is not necessarily invested but may, instead, be encumbered or held for possible later investment. He emphasized that the concern addressed in the proposal is insufficient investment in the state's companies.

Another council member noted that, historically, a larger percentage of the STPF would be reinvested in the STPF, but more recently, a very small percentage of the STPF has been reinvested. The member asked how the security of the STPF is protected by increasing the amount that is required to be invested in New Mexico companies. Mr. Bendicksen responded that safeguards are important, but he is concerned that the SIC invests in too few New Mexico companies.

A council member said that STPF money comes in part from oil and gas revenues, which are finite. If the STPF is carefully managed, it will outlast the availability of oil and gas in the state.

A council member noted that investments from the STPF are already being made in out-of-state companies, and the legislative proposal simply requests that more of the investments be made in in-state companies. The member agreed that accountability and transparency are essential but argued that the state's investments should help create economic-base jobs in, rather than outside of, New Mexico.

Science Early Education Pilot Program

Anatoliy V. Glushchenko, chief academic advisor to See the Change USA (See the Change), spoke to the council on a program that brings physics into middle school classrooms. Mr. Glushchenko said that he was trained as a teacher in Ukraine and subsequently worked around the world as a teacher and physicist. He was surprised to learn that schools in the United States do not include physics in middle school curricula. Students in Europe and Asia receive

five to six years of physics instruction, which he believes accounts for why the United States underproduces technological talent while other countries overproduce technological talent.

See the Change provides teacher preparation, a year-round teacher support system and lesson plans to enable any teacher to deliver simple physics lessons. He added that simple physics instruction can help students' performance in other subjects, such as math, because it provides context and application to those other subjects.

David P. Csintyan, chief executive officer of See the Change, explained that in approximately three to four years, the effects of See the Change will be visible in the work force. The program's work force goals include producing employees who are critical thinkers across all disciplines and who are ready for work. The program currently has about 4,000 student participants being taught by 42 teachers in 10 schools in Colorado and in Gallup, New Mexico.

Mr. Csintyan outlined three performance measures that can be used to evaluate the program: 1) state assessments — one school experienced a 10% increase in scores after the program's first year; 2) curriculum assessments — internal student growth assessments administered one to three times per year; and 3) national assessment — the ACT Aspire assessment. He provided some testimonials from students and school teachers and administrators regarding their success with the program.

Dr. Wendy Birhanzel, an officer in the Instruction and Assessment Department of the Harrison School District Two in Colorado, discussed her experience with See the Change. Dr. Birhanzel said that she is from a family of educators and taught for many years. Eighty percent of the students in her school district receive free or reduced-fee lunches, and the district consists of 23 schools, including elementary, middle, high, high school preparatory, home and charter. Over 70% of the students are Hispanic or African American, and 20% are English-language learners. Currently, all of the schools in her district are participating in See the Change.

Dr. Birhanzel noted that the program supports students' needs and that its units incorporate Colorado's educational standards. Because Colorado has specialized science standards, See the Change worked with Dr. Birhanzel to ensure that those standards were incorporated in the program.

Acknowledging that teachers often feel overloaded with responsibilities, Dr. Birhanzel stressed See the Change's support of teachers and schools in implementing its program. The program provides initial meetings and lesson demonstrations; curriculum support and co-teaching; in-person and online teacher references and support; at least monthly check-ins; and ongoing meetings with schools to acquire feedback on the program. She added that if a particular part of the program does not work for a teacher or school, See the Change will help tailor the program to meet the teacher's or school's needs.

Dr. Birhanzel said that physics lessons are helping to develop more than students' science skills. Specifically, students' skills in math and critical thinking improve through the program. She added that students who belong to minority groups need role models in careers that have low minority representation, such as engineering. She said that test scores are starting to reflect the positive impact See the Change is having on students' overall proficiency in reading, writing, math and science, and she looks forward to the increased opportunities for students whose education includes physics instruction.

Questions

A council member asked the presenters if they understand why science and physics instruction has been given a low priority in schools. Mr. Glushchenko said that he believes it is partly due to an effort to relieve burdens on students and to make school more entertaining. He said that education should be exciting while providing fundamental instruction. The member also asked how See the Change has collaborated with state education departments. Mr. Csintyan responded that it is beneficial to See the Change that it is not pro- or anti-union or pro- or anti-parochial schools but, instead, seeks to deliver physics to as many middle school students as it can. He added that it helps for implementing the program for there to be visionary and prudent risk-taking administrators.

In response to a council member's question about how New Mexico should proceed if it wishes to implement a program like See the Change, Mr. Csintyan said that the program should initially be offered in schools that can provide a polarized comparison, which would be helpful in analyzing program success. Dr. Birhanzel suggested that the state should look for school districts that are excited about trying the program, rather than trying to force the curriculum on a school. She added that her district decided to offer the program in every school to ensure that students are treated equitably.

A council member expressed concerns with non-science-trained teachers being able to grasp and effectively deliver the lessons. Dr. Birhanzel said that in her district, See the Change provides teacher preparation time on Monday for the week's lessons. It also offers ongoing online lessons, videos and forums, which are helpful resources for teachers. She added that notebooking is part of the program, and administrators and See the Change representatives periodically engage in classroom observation in addition to lesson plan review. Mr. Csintyan added that See the Change has not seen even one teacher leave the program. Mr. Glushchenko noted that the program is designed so that any teacher with a bachelor's degree can deliver the lessons, and he gave an example of a simple lesson.

In response to a question, Mr. Csintyan said that the one-time cost of the curriculum is \$100 per student, and he added that See the Change has worked with school districts to bundle schools together for cost-effectiveness.

A council member suggested that See the Change should make a presentation to the Legislative Education Study Committee, and another member confirmed that the See the Change

presenters are scheduled to meet with the Public Education Department and noted the importance of ensuring equitable treatment of students to comply with the state equalization guarantee.

A council member noted that the only school in New Mexico that is currently delivering See the Change is a Catholic school in Gallup. The member added that if the program is successful in that school, she would be interested in implementing the program in all of the schools in her district. The member proposed that interested legislators tour the school. Mr. Csintyan added that the small school has minimal funding and is paying in small increments the cost of the program.

Regarding the program's teacher-to-student ratio, Dr. Birhanzel said that her school district aims to have a 1:25 ratio in middle school classes, but this program has been delivered to classrooms with wider ratios, such as 1:30.

In response to a question about transient students, Dr. Birhanzel said that because the program is delivered in all of her district's schools, students who transfer experience little setback. She added that remediation work on particular skills can be done within each of the lessons.

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

Mr. Lautman reminded the council that one of its objectives is to compile county-level data on jobs, employment sectors, population and job-creation obstacles and to publish that information on an online dashboard. To collect the county-level data, jobs-assessment sessions with the North Central New Mexico Economic Development District, Eastern Plains Council of Governments, South Central Council of Governments and Northwest New Mexico Council of Governments have been conducted.

Charles Lehman, director of the Employment and Economic Information Center of New Mexico, reviewed printed examples of the pages to be included in the online dashboard. The dashboard will include information on the members of the council; the process followed by the council and regional entities; relevant definitions; and statewide, county-level and regional-level data related to job creation. Work on refining information and display of the dashboard continues.

Questions

In response to a question, Mr. Lehman said that the assistance of the Workforce Solutions Department and the Bureau of Business and Economic Research would be sought, as needed. Mr. Lautman added that the online dashboard is not intended to be a research exercise but is intended to assist communities with observing and reporting job-creation efforts and projections and observing specific concerns in their areas. This information will provide a picture of job creation in the state.

Mr. Lautman noted that the question of ownership and maintenance of the dashboard is under consideration, and it could be something that the councils of governments or the Economic Development Commission undertake.

A council member asked whether Mr. Lautman would be providing additional information on an initiative related to solo workers. Mr. Lautman said that the presentation would be scheduled for the next council meeting.

Barriers to Agricultural Products Small Business Growth

Ed Meintzer, owner of Eddie's Savory Food Products, LLC, informed the council of the difficulties he has encountered in securing financial assistance with expanding his business and distributing his products. He is interested in producing his products, rather than using a third party, but has encountered financial obstacles. Additionally, he noted that there are USDA funds that are available only to larger farming operations, and while he works directly with a farmer, he is unable to access those funds. Mr. Meintzer said that he will meet with a representative from United States Senator Tom Udall's office to ask for support in revising the rules governing the USDA funds to which he referred.

Questions

A council member asked Mr. Meintzer whether he uses the "New Mexican Grown" label on his products, and Mr. Meintzer said that he does not but may do so in the future. Other members suggested that he seek the assistance of his local small business development center and the EDD.

Adjournment

There being no further business before the council, the fifth meeting of the council for the 2014 interim adjourned at 4:44 p.m.

**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.