

Federal Government

Advance Team Theater Profile

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THEATER OVERVIEW: FEDERAL GOVERNMENT

1. Theater Definition

How is the federal government theater of economic base job creation defined?

This theater is focused on increasing the number of economic base jobs in the federal government sector. This includes general schedule (GS jobs), private sector federal contractor jobs, jobs generated in healthcare and higher education created as a result of certain grants, loans and transfer payments.

For example: the Affordable Care Act will spend millions on healthcare in the state in excess of what New Mexico's pro rata tax revenue contributions to the program making the jobs created technically economic base. The same is true of The Experimental Program to Stimulate Competitive Research (EPSCoR), if it results in additional faculty and research capacity at New Mexico universities in excess of the states pro rata share of the program.

What sub-markets or program areas are included in this theater?

The divisions in this theater are derived from federal funding. The following sub-markets have been grouped on the basis of funding sources, hiring practice and common function.

1. Agencies in which funding passes through the state or other institutions before creating economic-base jobs:
 - Department of Education



- Department of Transportation
 - Health and Social Services
 - National Institutes of Health
 - National Science Foundation
 - National Endowment for the Arts
 - Department of Commerce (includes the Small Business Administration)
 - HUD and FHA (Section 8 housing)
 - Department of Labor
2. Agencies involved in technical fields, working predominantly with contractors:
- Department of Energy
 - NASA
 - Department of Defense
 - Intelligence community
 - National Nuclear Security Agency
3. Agencies that hire and procure locally based on local need:
- Department of Agriculture (includes the Forest Service)
 - Department of Interior (includes the Bureau of Land Management, Bureau of Indian Affairs and Fish and Wildlife Service)
 - Department of the Treasury (includes the IRS)
 - U. S. Postal Service
4. Agencies concerned with law enforcement and security:
- Border Patrol
 - Drug Enforcement Administration
 - Bureau of Alcohol, Tobacco, Firearms and Explosives
 - Department of Homeland Security (includes FEMA)
 - FBI
 - TSA

Definition of a Transaction

How is an economic base job creation transaction defined for this theater?

Any spending by the federal government in the state in excess of the amount New Mexico taxpayers pro rata share of that federal line item that results in new employment can be considered an economic base transaction. If New Mexico gets \$1.85 from the federal government for every \$1 it contributes, then economic base jobs are those funded by the 85-cent margin. In other words, the salaries of those jobs-workers are paid by taxpayers in other states.

An economic base transaction in this theater would be considered procured if it occurred because of a strategic or tactical effort by a state or local, public or private entity, missioned, funded and staffed to create such jobs .

Program Approaches

What are the different ways that programs in this theater procure or preserve economic base jobs?

Primary program approaches include:

- Congressional delegation initiatives
- BRAC response programs (Base Realignment and Closure)
- The Experimental Program to Stimulate Competitive Research (EPSCoR)
- Medical Insurance Exchange promotion for the indigent

Key Metrics

What metrics should be used to measure the production and return on investment of procuring programs in the theater?

Track the federal budget and allocations in key programs from year to year. i.e. Track grants received and related employment levels year to year.

Attributes and Insights

What attributes, distinctions and insights are important to understanding the nature and capacity of this theater?

- This theater, while having suffered high rates of attrition in the last decade, is still estimated to be one of the largest potential sources of new economic base jobs available to the state.
- It is considered a particularly significant and underestimated source of additional economic base jobs for every region of the state - especially rural communities.
- Despite the state's staggering job losses in this sector over the last decade, stakeholders estimated that it could create over 38,000 new economic base jobs or 23% of the total estimated state-wide. This should not be construed to mean that the state should expect a net increase in federal employment over the next ten years. The state could conceivably lose that many and end up with a net zero.
- Jobs in this theater are stimulated both by national need in the case of DOD or DOE funding and by local demand in the case of health care for the poor.
- The jobs in this theater are as diverse as the federal budget and require well-researched and highly specialized approaches to develop.

2. Players/Procuring Agents

What organizations and institutions are formally missioned, funded and staffed to create economic base jobs in this theater?

- Congressional delegation
- Kirtland Partnership and similar organizations
- Minority business development agencies
- Professional Aerospace and Contractors Association and other trade groups
- Federal Executive Board
- Science and tech parks
- Regional Coalition of LANL Communities and similar organizations
- LANL Major Subcontractors and similar organizations
- EPSCOR
- Military Base Planning Committee
- Major municipalities
- Universities, community colleges, Council of University Presidents, American Association of Community Colleges

- UNM Health Science Center, NMSU Burrell College of Osteopathic Medicine
- New Mexico Hospital Association, New Mexico Nurses Association, healthcare trade groups, healthcare interest groups
- Air Force Bases, White Sands Missile Range
- Tribal governments
- Technology Research Collaborative
- Manufacturing Extension Partnership
- Economic development organizations
- National labs
- Federal contractors
- New Mexico Health Exchange and healthcare providers

3. Economic Sectors

Which are the primary economic base sectors in this theater?

Health and Social Services: This includes, Hospitals, Home Health Care, Assisted Living, Dentistry from a federal windfall from the Affordable Care Act.

Higher Education: This includes increased market share of federal research going to New Mexico institutions of higher education resulting in hiring of new FTE researchers and faculty.

Federal Government: This includes USFS, Defense, Health and Social Services, Energy, Homeland Security, Education, Interior, Transportation, Commerce, Agriculture, HUD, Treasury, Environment, Justice), Aerospace and Defense (Unmanned Aerial Vehicles, Commercial Space Flight, Aircraft Modification, Aviation), Public Emerging Technologies (Federal Labs-related, Research and Development), State Government, Federal Government Contract Services (Staff Augmentation, System Integrators), natural resources.

4. Jobs/Transactions

How many new (gross) economic base jobs are estimated to be created in each sector?

The total number of federal employees in 2015 1Q is 28,700, which doesn't count federal contractors, and the goal is to create 37,000 more jobs over ten years.



Sector	Federal Government	Health	Education
Potential Jobs in each region	SC: 1,850 SW: 130 SE: 1,325 NC: 2,565 MR: 3,400 EP: 541 <u>NW: 200</u> Total: 10,011	SC: 3,150 SW: 172 SE: 275 NC: 5,045 MR: 15,800 EP: 70 <u>NW: 1,150</u> Total: 25,662	SC: 220 SW: 50 SE: 110 NC: 120 MR: 1,500 EP: 37 <u>NW: 160</u> Total: 2,197

Federal Government Total: 38,035 Jobs

5. Program Reliant

How many of the jobs in these sectors are to be directly caused or procured by the organizations specifically missioned, funded and staffed to generate economic base transactions in this theater?

It was estimated that 75% of the total or 28,526 economic base jobs will require critical assistance from a program to be procured over the next ten years. 25% are then presumed to be created organically without program assistance. Number of transactions was not estimated.

FACTORS OF PRODUCTION

What factor of production gaps must be cured if the economic base jobs in this theater are to be created?

6. Marketing and Sales

Is the marketing, sales and completion apparatus in place and at scale to generate the necessary interest, manage the pipeline of prospects and complete transactions?

What is the current marketing and sales gap and how will it need to scale over the next decade to meet the ten year transaction goals for this theater?

Gaps

- New Mexico lacks the assessment and planning work needed to strategically approach this theater.

Solutions

- Each region should benchmark the current level of employment by federal cabinet agency and identify opportunities and targets for possible increases.
- Increase the number of eligible residents in the state's insurance exchanges. Develop a strategic plan for marketing the state's 10% match for new Medicaid enrollees.
- Lobby the congressional delegation for more funding for healthcare, social work education programs. Highlands University, for example, is building a credible program.
- Leverage the NMEDD's DOD mapping grant and the federal SIM healthcare grant. Map New Mexico manufacturers selling to the DOD.

7. Real Estate, Infrastructure, Capital

Does the region have the land, buildings, infrastructure, utility capacity and capital resources to fulfill the transactions envisioned for the theater over the next ten years?

Gaps

- New Mexico's EPSCoR needs a permanent source of matching funding to leverage additional funding.
- We lack sufficient healthcare facilities in the state. Funding is needed for the UNM HSC building and for healthcare facility modernization.
- Reservations and rural communities have significant workforce transportation issues.
- New Mexico lacks the capital to develop and commercialize early technology.

Solutions

- Create a matching fund for EPSCOR in order to leverage more funding. Healthcare: Incentivize construction of healthcare facilities that attract out-of-state patients.
- Create a fund to match local investments in rural healthcare facilities.
- Subsidize transportation service in rural communities to get federal sector workers to jobs.

8. Workforce, Housing, Community Quality

Does the region have the qualified workforce, housing and community quality necessary to grow, attract and retain the workers needed over the next ten years?

Gaps

- There is a shortage of healthcare professionals in the state.
- We have a shortage of trained grant writers, particularly in smaller communities.
- UNM's nursing program is at capacity.
- The state lacks affordable housing in most areas.

Solutions

- Create a student debt relief program for healthcare workers who return to their own communities and stay at least two years.
- Develop grant writing training programs in the community colleges.
- Increase the number of healthcare certification courses at two-year institutions.
- Expand the mission of the new healthcare facilities in Rio Rancho to provide training for nurses.
- Create programs to encourage health-care retirees to work part-time or teach and develop a recruiting program to bring them to the state from places like Mexico and Canada.

9. Leadership, Organization, Planning, Business Climate

Does the region have the leadership, organizational assets, planning and the business climate needed to compete for the theater's targets?

Gaps

- New Mexico lacks the assessment work and planning to strategically approach this theater.
- No effective strategic mechanism is in place to take advantage of the National Labs.
- New Mexico lacks an incubator for federal grants projects and prospects.
- The New Mexico gross receipts tax is a major disincentive to job creation in this theater.



- More assessment, planning and analysis is needed to identify opportunities and cure factor of production gaps on a local, regional and state basis.

Solutions

- Create a coalition or clearinghouse to track all the entities going after grants and federal work.
- Develop an oversight office for federal grants, with locations in New Mexico and Washington, DC; it could be called the Office of Federal Entrepreneurship. One role could be to track trends in federal funding and anticipate consolidation and downsizing.
- Map current federal job creation levels by federal cabinet agency program and identify opportunities and targets for possible gains.
- Develop a formal plan to create economic base jobs in this theater.
- Conduct procurement conferences to teach people how to do business with the federal government.
- Create incubators specifically to help local businesses and entrepreneurs take advantage of federal opportunities.
- Explore new tax incentives, similar to the gross receipts credit for directed energy, to spur new activity.
- Promote the state's R&D efforts and accomplishments.

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