


New Mexico Economic Development Department
JTIP & LEDA Presentation
Legislative Jobs Council

September 12, 2016

INTRODUCTION



- Why JTIP and LEDA are important to job creation
 - Gives businesses financial assistance & certainty
 - Key to diversifying the state's economy
 - Complimentary programs work together for the greatest benefit of the business

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- Both provide resources required for business expansions and relocations
 - One assists with workforce development that benefits New Mexicans
 - One provides capital for infrastructure
 - BOTH programs assist small and large projects, metro and rural alike
 - BOTH provide long-term support
 - BOTH require a high level of due-diligence, are scrutinized constantly and as a result, are transparent. JTIP & LEDA information is publically accessible through our website
- Share a proven success story...



Success: Solaro Energy, Socorro

- Solaro Energy manufactures solar-powered attic fans and reflective insulation
- The company relocated from California in 2012
- It started in a 12,000 square foot facility and has grown to a larger facility and added a new product line
- Utilized JTIP for its initial hires and then again as it grew to 9 employees (so far)
- LEDA provided \$250,000 to support the construction of a new building to house its specialized pieces of equipment

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Success: Solaro Energy, Socorro

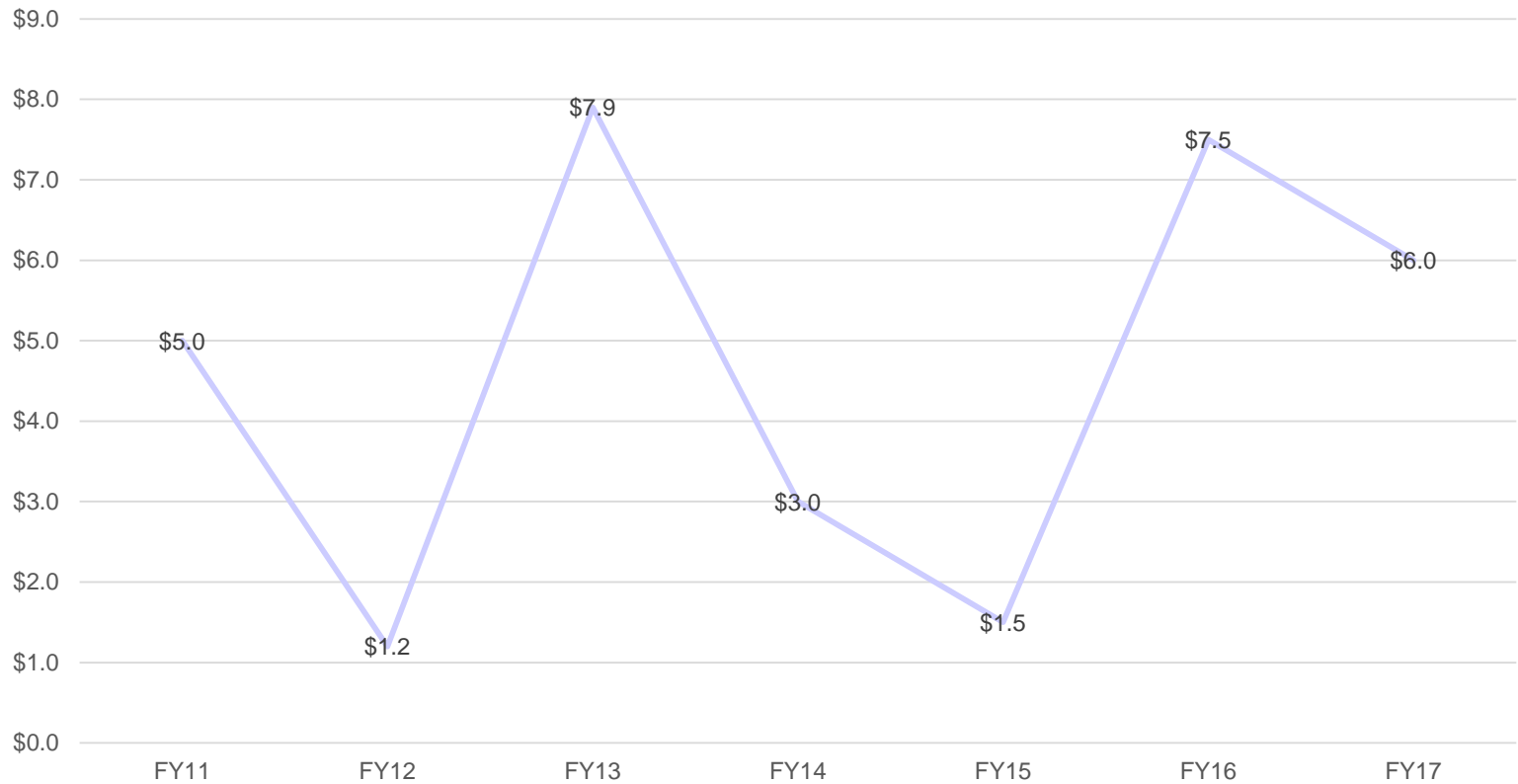
JTIP Legacy



- Enacted 1972 and since then has assisted in the creation of 45,000 jobs hired by 1,400 companies
- 45 years of positive performance and consistent bipartisan support
- Historically funded via special appropriation; non-recurring funds
- Governor Martinez worked with the Legislature to reduce the volatility of funding by supporting recurring funds for the program (now at \$2M within base budget)
- Nevertheless, last 2 years borrowed from future year appropriations to operate

JTIP HISTORY

JTIP Appropriations
FY11-FY17
(In Millions)



JTIP GUIDELINES

- JTIP reimburses qualified companies for a portion of expenses associated with training new employees in newly created jobs for an initial training period.
 - Training periods range from two to six months depending on the complexity of the job and the wages.
- Eligible training expenses include:
 - Wages
 - Customized training at New Mexico educational institutions

JTIP ELIGIBILITY REQUIREMENTS

- Qualified Businesses

- Increase the economic base of the state

- Manufacturers

- Non-retail business service providers with at least 50% income from customers out of state

- Certain “green” businesses

- Expanding, creating net new jobs

- Existing NM companies

- Relocations

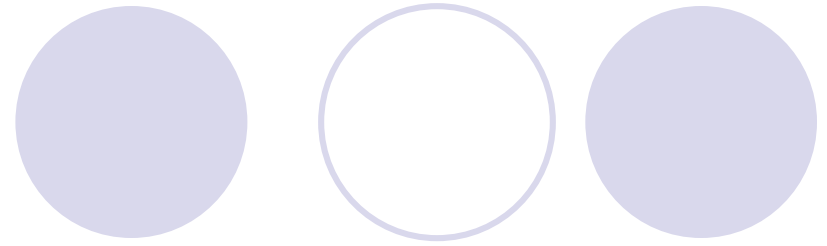
- Start-Ups

- Financially viable

JTIP ELIGIBILITY REQUIREMENTS

- Qualified jobs
 - Full-time, year round and newly created
 - Directly related to production or delivery of service
- Qualified trainees
 - NM residents
 - Having lived in NM for at least one year at some point prior to employment with the company
 - New hires to the company

JTIP PERFORMANCE



- JTIP has been consistently recognized as one of the top 5 training programs nationally.

Measure	Target	Performance
FY16 Workers Trained	1,400	2,238
FY15 Workers Trained	1,000	2,212
FY14 Workers Trained	1,000	1,385

JTIP Budget Report & Pipeline

Cash Balance (includes \$6M FY17 appropriations)	\$14.8M
Current Obligations	<u>(12.2M)</u>
Unobligated Balance	2.6M
Projected Reversions September-December	<u>1.6M</u>
Projected Available Funds through December	<u>4.2M</u>
Total Short-Term Pipeline Projects Sept – Dec	<u>(4.7M)</u>
Projected Unobligated Balance as of Dec 2016	<u>(500K)</u>

Success: Santa Fe Spirits



- Micro-distillery founded in 2010
- JTIP funded 1 job for \$3,760
- LEDA provided \$325,000 to assist in the second phase of an expansion that will add a new building

Success: Santa Fe Spirits, Santa Fe



LEDA: History

- In 1994 a constitutional amendment was passed to allow public support of economic development projects while continuing to protect against the unauthorized use of public money and other public resources.
- Subsequently, the Local Economic Development Act (LEDA) was passed to enable the constitutional amendment and has also been amended over the years.



LEDA Goals

- Equitable, transparent, efficient, accountable
- Job creation and increased wages
- Community impact and support
- Rural and underserved areas of our state
- Capital investment and leverage ratio
- Environmentally responsible
- Financial soundness and readiness to proceed



LEDA Guidelines

- Must create permanent FTEs (minimum 32 hours per week)
- Goal: 10 to 1 ratio of private investment to LEDA funds
- Economic base business such as manufacturing, warehousing, exported services
- No retail projects with state funds
- No government facilities or government jobs
- Due diligence process to ensure minimal risk to state

LEDA Guidelines, cont.



- Project must be fully-funded and shovel ready
- Equal consideration will be given to competing businesses
- Project's environmental footprint will be considered, including priorities
- Not for venture capital or seed funding
- Will not replace the traditional capital outlay process
- Tiered thresholds based on urban, rural or economically-distressed area



LEDA Metrics

- Performance measures are developed annually in cooperation with the Legislative Finance Committee, the Department of Finance & Administration & EDD.
- Two LEDA performance measures in FY17:
 - Private sector dollars leveraged by each LEDA dollar, 10 : 1
 - Number of jobs created through the use of LEDA funds, 2,000

LEDA Appropriation History

- 2013 - \$3.3M
- 2014 - \$4M
- 2015 - \$15M
- 2016 - \$50M (plus \$6M in Special Session)



LEDA Project Pipeline FY17:

- 23 projects so far are being considered totaling
- \$50,675,000
- 14 in Urban Areas
- 9 in Rural Areas

Success: IDEUM, Corrales

- Design and manufacture multi-touch tables and touch walls and development of related software
- JTIP history of funding since 2006
 - \$691,164 for 41 jobs
- Started with 2 employees, now at 49
- LEDA: \$75,000 for tenant improvements to help facilitate an expansion of their operations within the Village of Corrales

Success: IDEUM, Corrales, NM

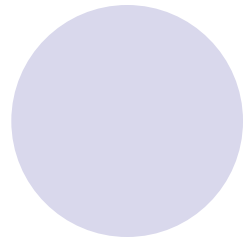
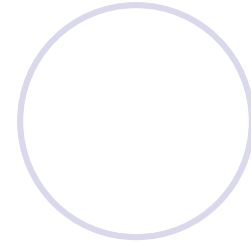
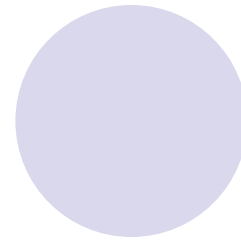
What can ED for Frontier Communities

- Assist in defining what infrastructure is needed
- Assist in defining what type of business structure will work and assist in creating this structure
- Assist in assessing assets, needs and goals
- Assist in defining resources to accomplish funding

What are next steps for Frontier Communities?

- Identify your goals, be concise and clear what your outcome is
- Identify what type of business or organization structure works for you (501 c3, sole proprietor, etc.)
- Be realistic, so that your goals are sustainable through real income sources.

Questions?



Thank You...

- <https://gonm.biz/community-development/local-economic-development-act/>
- <https://gonm.biz/business-resource-center/edd-programs-for-business/job-training-incentive-program/program-results>