

Plans for Increasing Wealth & Improving Rural Opportunities: Changing Performance Metrics

Jon Clark

Deputy Cabinet Secretary

Changing Performance Metrics

EDD performance has been evaluated almost exclusively by number of jobs and cost per job

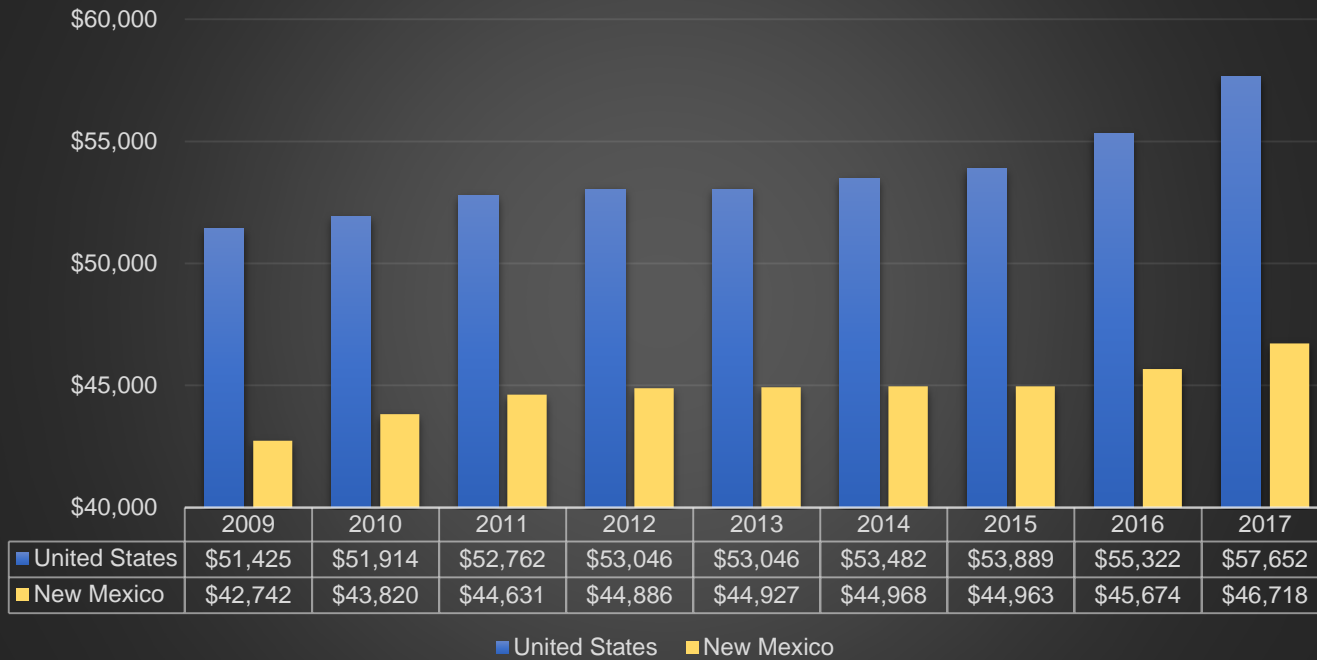
Counting jobs is easy, and cost per job is an easy way to compare programs, but this creates a problem

It incentivizes “easy wins” – low-wage jobs in urban areas

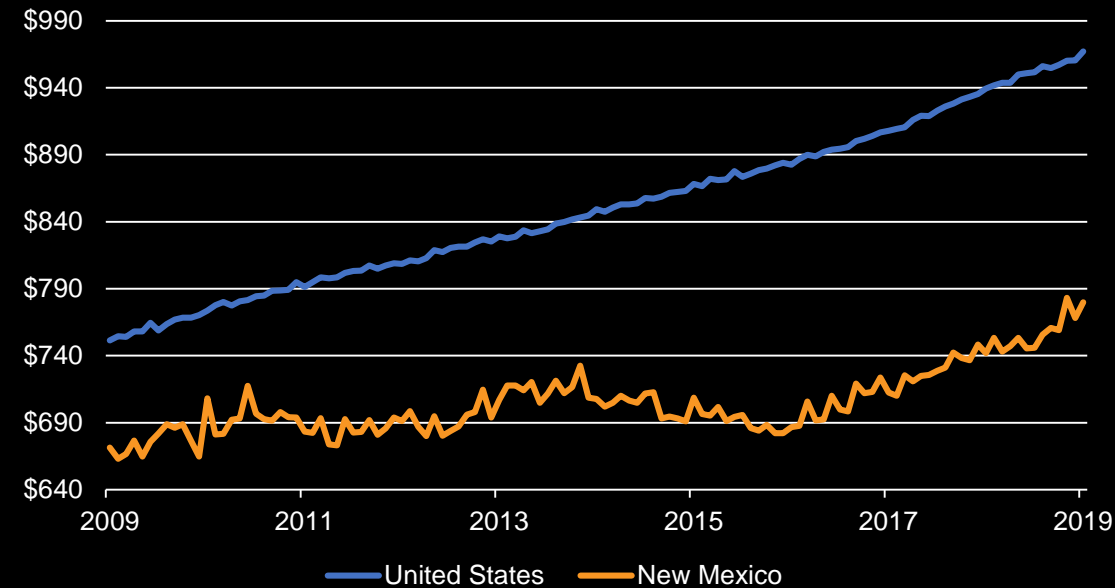
New Mexico’s unemployment rate is only 4.9%, but wages are low and wage growth is slow – we have a wealth problem, not a jobs problem

Changing Performance Metrics

Median Household Income



Average Weekly Earnings for All Employees: Total Private US vs NM



Changing Performance Metrics

NMEDD was historically focused on jobs – now we are focusing on wealth & rural opportunities

Objectives:

- Increase wealth creation: earnings & investment
- Improve economic opportunities for New Mexicans
- Focus on rural communities
- Diversify economy

Changing Performance Metrics

Examples of performance measures NMEDD will report:

- Number of jobs created/rural jobs created
- Average wage of jobs created
- Wages for jobs created in excess of local wages
- Private dollars leveraged by each LEDA dollar
- Direct spending by film productions eligible for the extra 5% rural credit

Plans for Increasing Wealth & Improving Rural Opportunities:

LEDA & Rural Infrastructure Funds

Jon Clark

LEDA & Rural Infrastructure Funds

LEDA Fund

- No fund exists in statute; must fight for non-reverting language each year
- Establish a non-reverting fund in statute

Rural Infrastructure Fund

Would exist within LEDA statute but work differently

It often takes longer to establish a business in a rural community because of insufficient infrastructure

LEDA funds are tied to a specific company project – these don't have to be

LEDA & Rural Infrastructure Funds

Rural Infrastructure Fund, continued

- Seeking a special appropriation in the 2020 legislative session
- The fund will retain the LEDA requirement that money be used for land, building or infrastructure

The fund will have other, different requirements:

- No clawback provisions if not tied directly to a company project and performance
- If a pure infrastructure project with no clawback provisions, outcomes of any award would be analyzed prior to any additional awards
- More flexibility on the types of projects

LEDA & Rural Infrastructure Funds

Rural Infrastructure Fund, continued

Applications will be prioritized based on:

- Infrastructure needs related to economic development/economic growth
- Financial support from local governments, other public and private sources

Given the significant needs in the state, how little funding is needed from this source relative to other funding sources brought to the table?

- Other support from local governments and organizations
- Expected return/outcomes from the infrastructure improvements – public value and economic growth that will justify this investment to taxpayers

LEDA & Rural Infrastructure Funds

Rural Infrastructure Fund, continued

Buildings will require greater justification than pure infrastructure – we want to make sure we have shovel-ready sites and not vacant buildings across the state

If infrastructure is owned by a private entity:

- Requirement for public value equal to or greater than award
- Additional justification needed

In process of drafting legislation

In a few minutes, we will have a Q&A session – please let us know if there's anything you want to make sure is considered in the drafting process

Certified Sites Matching Grants & LEADS

Mark Roper

Shovel Ready Sites

“Certified Sites” has become a popular tool throughout the United States to verify that a potential greenfield site is truly shovel ready.

While there is no standard for what a “Certified Site” is the idea is still a worthwhile pursuit in developing meaningful sites for the purpose of economic development.

NMEDD is working on a program that will help communities identify potential sites, and provide the road map to verify and truly make the site shovel ready.

What is the biggest hurdle to having a site shovel ready?

Shovel Ready Sites (continued)

Money!

NMEDD will request funding through a one-time special appropriation in the 2020 legislative session to provide matching funds to help local communities and their EDO partners overcome the barriers to having truly shovel ready sites.

Any funding received will be utilized to assist with phase 1 environmental, utility, ingress & egress and drainage master planning. Technical assistance will be provided for zoning and platting and marketing needs for the site.

Stay Tuned
More Details Coming

LEADS – Grants of \$5,000 to \$25,000

Applications are evaluated based on program objectives:

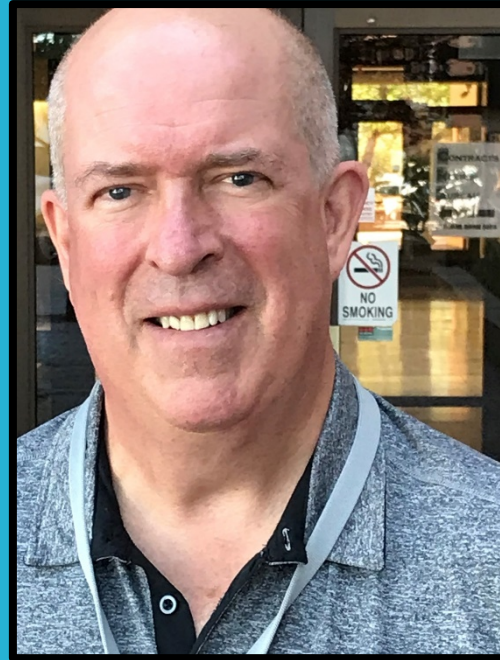
- Create jobs
- Develop the tax base
- Provide incentives for business development

Eligible applicants are organizations involved in economic development, with a current plan (& marketing plan) & in a community that has passed a LEDA ordinance.

Eligible Projects:

- Achieve specific program objectives
- Are consistent with community economic development plan
- Clear beginning and end
- Appropriate budget and timeline

Contact your Regional Representative



Outdoor Recreation Division

Axie Navas, Director

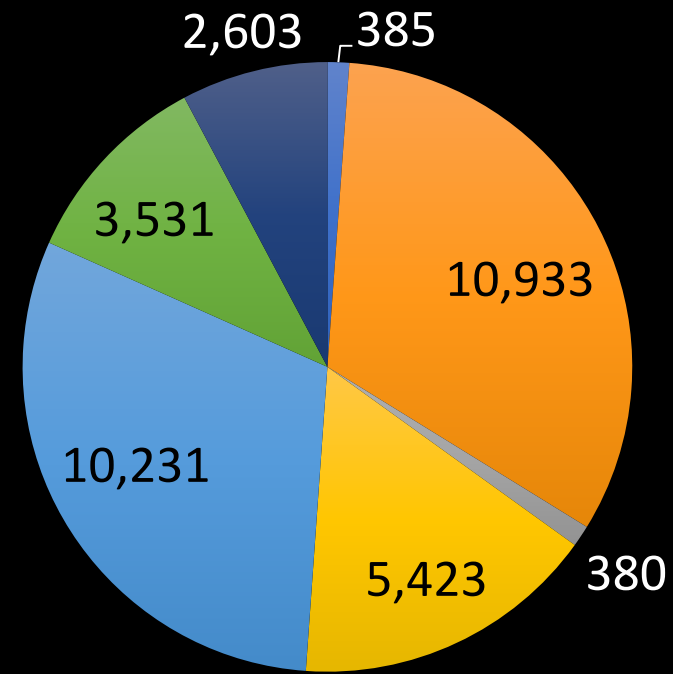
Peter Mitchell, Deputy Director

Outdoor Recreation's Contribution to the National GDP:

\$427 Billion

Outdoor Recreation's Contribution to the State

\$2.3 Billion
33,486 Jobs →



- Manufacturing
- Retail trade
- Finance, insurance, real estate
- Arts, entertainment & recreation
- Accommodation & food service
- All other private industries
- Government

Our First Goals

- Increase outdoor-rec-based economic development, tourism, and eco-tourism;
- Recruit out-of-state businesses to the state;
- Promote stewardship and preservation of environment and cultural treasures;
- Promote education about and use of lands and waters.

Our Advisory Board - Leaders from:

- The outdoor-recreation industry;
- Tourism;
- Cultural Affairs;
- Energy, Minerals, & Natural Resources;
- State Parks Division;
- Game and Fish;
- Indian Affairs;
- NGOs;
- Federal government.

What's Next

- Reaching out to local communities;
- Growing outdoor-rec opportunities throughout the state;
- Liaisoning between state agencies, NGOs, and private sector;
- Developing new outdoor-rec specific EDD initiatives;
- Promoting New Mexico as the leading outdoor recreation destination that it is.

Contact Us

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Peter Mitchell: 505.570.7796, peter.mitchell@state.nm.us



Office of Science & Technology

Myrriah Tomar, PhD, Director

The Technology Research Collaborative will serve as mentors to science & technology businesses

Near Term Goals:

1. Leverage the business and commercialization expertise of the TRC board members for science and technology businesses applying for SBIR Matching Grants
2. Develop a 5-Year Science & Technology Plan for the State of New Mexico

Legislative Goals FY21:

1. Fund TRC to allow impact investing in early-stage science and technology businesses that leverage SBIR Matching Grants.
2. Collaborate with LANL and Sandia on evaluating TRGR proposals for commercial readiness.

Meet the Technology Research Collaborative Board

Statewide assets represented from the university, national labs, government, investment community, and private industry



Lisa Kuuttila

CEO & Chief Economic Development Officer, STC.UNM

John Floros

President, New Mexico State University

Peter Anselmo

Director, Office of Innovation Commercialization, New Mexico Tech

Susan Seestrom

Associate Director, Sandia National Laboratory

John Sarrao

Deputy Director, Science, Technology, and Engineering,
Los Alamos National Laboratory

Jon Clark

Deputy Secretary NM Economic Development Department

Gabe Mounce

Director, Air Force Space Accelerator, Air Force Research Laboratory

Mark Popovich

President and CEO, 3D Glass Solutions, Inc.

Mark Johnson

CEO & Co-founder, Descartes Labs

John Chavez

President, New Mexico Angels

Myrriah Tomar, TRC Board administrator/chair

Focusing on Cybersecurity as one of the Governor's Target Industry Sectors

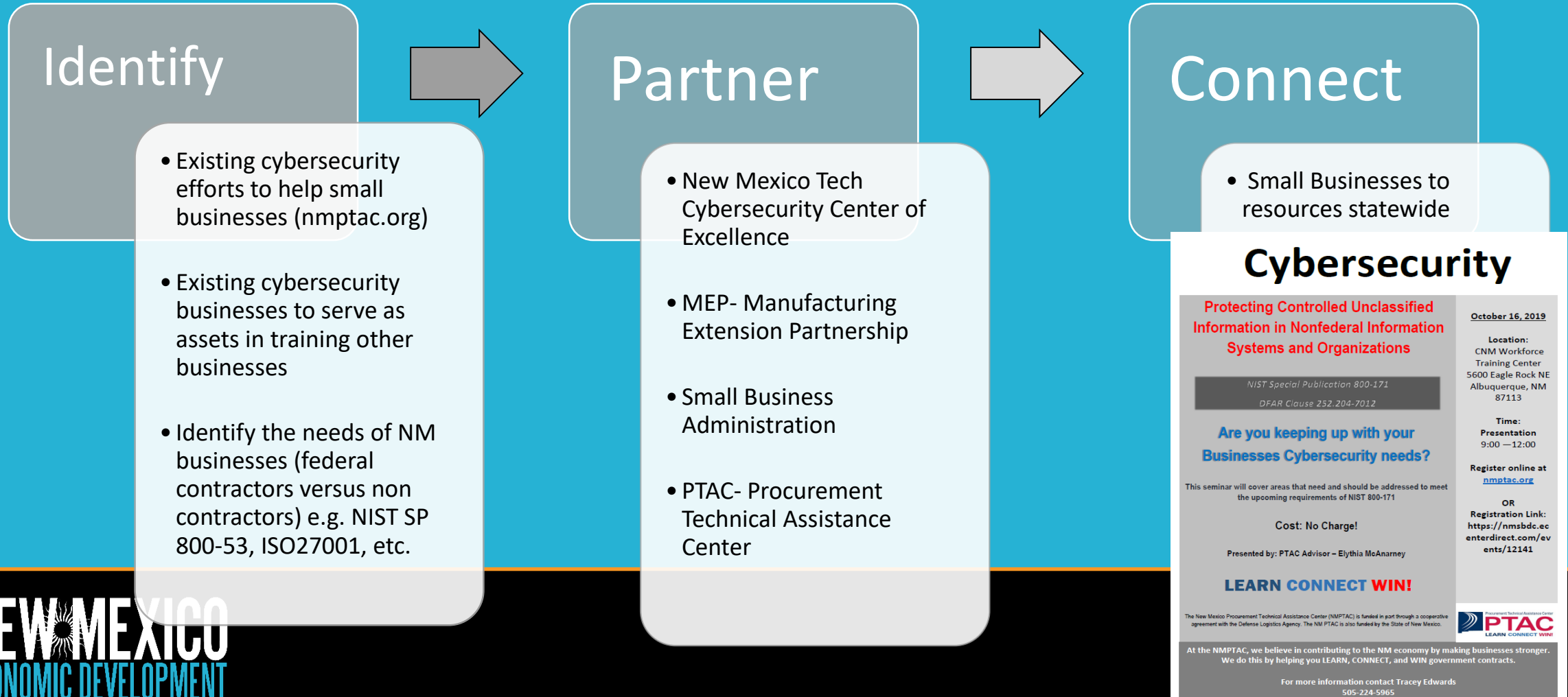


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*“Cybersecurity is one of the most serious economic and national security challenges we face as a nation and one that we as a government or as a country are not adequately prepared to counter”
– Federal Communications Commission*

Cybersecurity is a Business Risk, not just an IT Problem

Cybersecurity is the practice of protecting systems, networks, and programs from digital attacks.



Statewide Economic Development Plan

- New Mexico needs a long-term plan to address its long-term issues
- The plan needs to be more than just a plan for the department
 - It needs to be collaborative and involve other state agencies and organizations
 - It needs to involve assessments and planning from the ground up at the community level
- We will be asking for one-time funding for expert assistance with this process to create a 20-year plan that is truly a statewide, comprehensive economic development plan

Questions or Ideas?