New Mexico and US Nonfarm Employment
Monthly, Seasonally Adjusted, Indexed to Peak

BLS Labor Force and Unemployment Estimates

NM and US Unemployment Rates(%) monthly, SA

UNM Bureau of Business and Economic Research
Demographics Behind NM Unemployment Rate

% of Women
- Women
- White, women
- Hispanic/Latino women

% of Men
- Men
- White, men
- Hispanic/Latino men

% by Age Group
- Total, 16 to 19
- Total, 20 to 24
- Total, 25 to 34
- Total, 35 to 44
- Total, 45 to 54
- Total, 55 to 64
- Total, 65+

% by Marital Status
- Married men, spouse present
- Married women, spouse present
- Women who maintain families

% Workers Marginally Attached To The Labor Force, 2011

A person is considered marginally attached if they are not in the labor force, but looked for work in the past 12 months, want a job, and are available to work.

Source: BLS WPFP PRB analysis of 2011 Basic Monthly CPS.

UNM Bureau of Business and Economic Research
Alternative Measures of NM Unemployment indicate many more New Mexicans marginally attached or working part-time involuntarily.

<table>
<thead>
<tr>
<th>All counts in thousands</th>
<th>2007</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>U-3: Official Unemployment Rate</strong>¹</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unemployed</td>
<td>36</td>
<td>68</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>3.7%</td>
<td>7.1%</td>
</tr>
<tr>
<td>Labor Force</td>
<td>947</td>
<td>952</td>
</tr>
<tr>
<td><strong>U-4: Unemployed include discouraged workers</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discouraged Workers</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Unemployed</td>
<td>36</td>
<td>71</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>3.8%</td>
<td>7.5%</td>
</tr>
<tr>
<td>Labor Force</td>
<td>947</td>
<td>956</td>
</tr>
<tr>
<td><strong>U-5: Unemployed include all marginally attached</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All Marginally Attached</td>
<td>8</td>
<td>17</td>
</tr>
<tr>
<td>Unemployed</td>
<td>43</td>
<td>85</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>4.5%</td>
<td>8.8%</td>
</tr>
<tr>
<td>Labor Force</td>
<td>954</td>
<td>969</td>
</tr>
<tr>
<td><strong>U-6: Unemployed include involuntary part-time</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marginal + Involuntary Part time</td>
<td>27</td>
<td>51</td>
</tr>
<tr>
<td>Unemployed</td>
<td>70</td>
<td>137</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>7.3%</td>
<td>14.1%</td>
</tr>
<tr>
<td>Labor Force</td>
<td>954</td>
<td>969</td>
</tr>
</tbody>
</table>

¹ Unemployed as % of the civilian labor force. Counted if able and willing to work, have actively sought work within past 4 weeks.

Data: BLS website, Geographic Profile of Employment and Unemployment (GP)
UNM Bureau of Business and Economic Research

---

NM Population Growth Has Slowed Dramatically

**Estimated % Annual Population Growth, 2001-2013**

![Population Growth Chart](chart_image)

Source of data: US Census Bureau, Annual Estimates of Population, States

UNM Bureau of Business and Economic Research
Perhaps because job prospects are better elsewhere, folks aren’t coming, New Mexicans are leaving...

NM Population Estimated Components of Change, 2010 - 2012

<table>
<thead>
<tr>
<th>Time Period</th>
<th>Total Population Change</th>
<th>Natural Increase</th>
<th>Vital Events</th>
<th>Net Migration</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Births</td>
<td>Deaths</td>
</tr>
<tr>
<td>April 2010 to July 2012</td>
<td>26,358</td>
<td>27,475</td>
<td>63,673</td>
<td>36,198</td>
</tr>
<tr>
<td>July 2011 to July 2012</td>
<td>6,864</td>
<td>12,114</td>
<td>28,306</td>
<td>16,192</td>
</tr>
</tbody>
</table>

Source: US Bureau of the Census

Given further slowing in population growth, 2013 likely to have larger net out-migration.

Other Measures of Performance

Percent Change in Real GDP by State, 2012

U.S. Bureau of Economic Analysis

UNM Bureau of Business and Economic Research
Evidence of Improvement in NM’s Economy

Change in New Mexico Employment, 2011-2012
From Quarterly Census of Employment and Wages

-2000 -1500 -1000 -500 0 500 1000 1500 2000

Total Change 8,012
Private Change 7,541

Evidence of Improvement in NM’s Economy

QCEW County Job Growth Over Year Ago
Darker red = steeper decline; Darker Blue = more rapid growth.

Maps prepared by Michael O’Donnell
UNM Bureau of Business and Economic Research
What Happened to Albuquerque?

New Mexico Metro Nonfarm Employment
Monthly, SA, Indexed to Peak


Albuquerque MSA Lagging. Why?

Employment Growth in Major MSAs across the Region
Nonfarm Employment (CES) Indexed Back to 1990

UNM Bureau of Business and Economic Research
Things are different in NM this time...

New Mexico among the top 15 states in terms of job growth in each of the past 4 decades. In Nov. 2013, NM ranked 48th among the states. Albq MSA, which has outperformed NM & US for decades, seriously lagging.

The employment to population ratio, after slowly climbing from 54.9% in 1976 to 61.0% in 08Q2, has been almost in freefall since then and is now 53.8%.

In the good years growing employment masked many serious problems: NM’s extremely high poverty rate, low per capita income & wages, the racial and ethnic disparities in employment and income...

NM did not face up to challenges...

Persistent Low Per Capita Income & Wages

[Graph showing persistent low per capita income and wages from 1990 to 2012]
Dependence on Government

Thin Labor Markets; Underprepared Workforce

Percent of Population with a Bachelors or More, 2012

Yet #4 in PhDs

Source: American Community Survey, 2012

UNM Bureau of Business and Economic Research
**Top Ten States for Selected Income Inequality Measures**

**Greatest Income Inequality Between the Top and the Bottom, Late-2000s**

1. New Mexico
2. Arizona
3. California
4. Georgia
5. New York
6. Louisiana
7. Texas
8. Massachusetts
9. Illinois
10. Mississippi

**Greatest Income Inequality Between the Top and the Middle, Late-2000s**

1. New Mexico
2. California
3. Georgia
4. Mississippi
5. Arizona
6. New York
7. Texas
8. Oklahoma
9. Tennessee
10. Louisiana

**Greatest Increases in Income Inequality Between the Top and the Bottom, Late 1990s to Mid-2000s**

1. Mississippi
2. South Dakota
3. Connecticut
4. Illinois
5. Alabama
6. Indiana
7. Massachusetts
8. Colorado
9. Kentucky
10. New Mexico

**Greatest Increases in Income Inequality Between the Top and the Middle, Late 1990s to Mid-2000s**

1. Mississippi
2. New Mexico
3. Illinois
4. South Dakota
5. Alabama
6. Connecticut
7. Missouri
8. Colorado
9. Florida
10. Oregon

**Greatest Increases in Income Inequality Between the Top and the Bottom, Late 1970s to Mid-2000s**

1. Connecticut
2. Massachusetts
3. New York
4. Kentucky
5. Illinois
6. California
7. West Virginia
8. Colorado
9. Rhode Island
10. Mississippi

**Greatest Increases in Income Inequality Between the Top and the Middle, Late 1970s to Mid-2000s**

1. Connecticut
2. California
3. Oklahoma
4. New York
5. New Mexico
6. Illinois
7. Oregon
8. Texas
9. Massachusetts
10. Rhode Island

---

**Challenges of distance & low population density in NM – the 5th largest state in the US**

**The importance of Critical Mass**

**INCUBATORS**

**The difficulties of Raising capital now that many NM banks have disappeared. The critical roles of ANGEL INVESTORS and VENTURE CAPITAL,...**

**The crucial roles of ENTREPRENEURS**
What about Albuquerque?

% Growth in Nonfarm Employment, Annual
Albuquerque, NM and US

![Employment Growth Chart]

IHS Global Insight and UNM BBER Forecast 11/13

Personal Income Forecast

% Growth in Personal Income, NM and US

![Personal Income Growth Chart]

IHS Global Insight and UNM BBER Forecast 11/13
Developments Holding NM Back

- Capital, financing
- Construction
- Federal Government
- Professional & Technical Services
- Manufacturing

Urban Land Institute, Emerging Trends in Real Estate 2014

Albuquerque (46), New Mexico’s largest city, continues to slip in the survey, falling four positions to number 46. Survey respondents this year see an improved outlook for Albuquerque in 2014. The improvement is modest for investment and development but more substantial for homebuilding. The outlook for investment and homebuilding remains “fair,” while the outlook for development is “modestly poor.” The decline in Albuquerque’s overall rank is attributable to a failure of this improvement to keep pace with other markets.
A lackluster construction recovery

New Mexico Construction Employment

% Growth, Construction Employ
Albuquerque, NM, US

Residential & non-residential have slowed

New Mexico $ Value of Construction Awards

SOURCE: FW DODGE

UNM Bureau of Business and Economic Research
Housing Prices are Crawling Back Up

Four-Quarter % Change in FHFA Housing Price Indexes (Purchase only), 2013 Q2

Source: Federal Housing Finance Agency

City of Albuquerque Housing
Extreme vulnerability to housing collapse, but so did many major MSAs

City of Albuquerque Housing Units Permitted

Rio Rancho units peaked at 3,247 in 2005 and were 421 in 2012
Government Employment in New Mexico
All Levels Indexed to 1990

- Local
- State
- Federal
- Military

UNM BBER Forecast 11/13

New Mexico Human Services Dept Caseloads

SNAP Cases Per Month

TAF Cases per month

Education Works Cases, by Month

Medical Cases
Federal civilian and military employment was still 4.8% of total NM total employment in 2010. The comparable figure for the US was 3.0%.

Federal expenditures in NM in 2010 were $28 billion, or $13,578 per capita. NM ranked 6th among the states in the per capita flow of federal dollars and #1 in federal expenditures per dollar of federal tax paid. Procurement has been huge -- 27% vs 16% in US --, and 64% of that is with the DOE, primarily for LANL & Sandia NL.

BBER had estimated that sequestration would result in a permanent loss of employment of roughly 20,000.

---

Professional, Scientific & Technical Services

Employment in Professional & Technical Services
New Mexico and Albuquerque MSA

Why is Albq lagging? Higher dependence of this sector hit by federal govt cuts & const.

UNM Bureau of Business and Economic Research
QCEW Employment in NM Prof, Scientific & Technical Services: Behind the aggregates...

Source of data: US Bureau of Labor Statistics, QCEW
UNM Bureau of Business and Economic Research

Manufacturing, an important sector...

Why is Albuquerque lagging?
Albuquerque has lost some key players, like Phillips, Motorola, Eclipse (until reborn), GE, Schott, and Intel has been cutting.

But an industry subject to considerable volatility – and Albuq has been losing share since 01

Source: BLS QCEW, FOR-UNM, IHS Global Insight
UNM Bureau of Business and Economic Research
Areas of Strength

Arts & Cultural Industries

UNM Bureau of Business and Economic Research
With new technologies and continued relatively high prices for oil and other commodities...

UNM BBER Forecast 11/13

New Mexico Oil and Gas Production
Quarterly, % Changes Year Over Year

Source: NM ONGARD database
Shale oil is the game now, but...

Tight oil formations account for a significant portion of total U.S. production

Figure 97. Total U.S. tight oil production by geologic formation, 2008-2040 (million barrels per day)

Source: Department of Energy, Energy Information Agency, Annual Energy Outlook, 2013, p. 82

Health Care & Social Assistance in NM

NM Private Employment in Health Care & Social Assistance, % Growth

New Mexico will participate in the Medicaid expansion and has an exchange for small businesses up and running. Major issue will be access, particularly in rural areas which are underserved. Albq as a medical center should be helped by ACA.

UNM Bureau of Business and Economic Research
Other Positives – the 3 T’s

Technology
Because of the labs, universities and existing industry, & drawn by amenities. But what can NM continue to attract and keep those businesses? Big positive here is Innovate Albuquerque.

Tourism
A growth area. Tourists are returning, helping to boost hospitality industry employment and earnings as well as retail trade...

Transportation
• Union Pacific’s new terminal at Santa Theresa – 800 new jobs
• Expansion of the Port at Santa Teresa
• Burlington Northern’s track investments, vision for Belen

Also renewables are making strides: Solar and wind energy, algae and other biofuels, Mesa del Sol smart grid, Tres Amigas Super Station with Albq headqtrs...

Transportation: Union Pacific Project

Santa Teresa Intermodal Terminal - Santa Teresa, NM

Terminal Information
Union Pacific is currently constructing a new, state-of-the-art rail facility in southern New Mexico. For the first time ever, New Mexico will have a key inland port, positioning the Santa Teresa/El Paso area as a strategic focal point for shipments in the southwestern U.S.

The new facility will increase capacity for lifts, parking and containers as volume in this area continues to grow. Santa Teresa Facility will also allow additional access for shippers and intermediaries in the area.

Facility Features
• Intermodal Ramp - This regionally focused intermodal ramp will permit both local and regional businesses more immediate access to the efficiencies of freight trains.
• Fueling Facilities - Located along the busy “Sunset Route” between El Paso and Los Angeles, this fueling facility will enhance commerce and goods movement.
• Intermodal Block Swap/Switching Yard - Enhancing capacity and efficiency, this new switching yard will incorporate the latest engineering techniques for improved efficiency and throughput.

UNM Bureau of Business and Economic Research
Renewable Energy and Energy Transmission

Western Governor’s Assoc identified 27 gigawatts of renewable generating capacity (solar, wind, geothermal & biomass) in NM – the largest capacity among the included states and western Canada. And, with Renewable Portfolio Standard and incentives, capacity is being developed - investments are being made in transmission infrastructure.

Jobs for construction, limited operating jobs, nevertheless...

State Government Finances

*Figure 1. Appropriations: General Fund and Temporary Funds*

Source: LTC Files

“New Money” in FY15, defined as FY15 projected recurring revenue less FY14 recurring appropriations, is projected to be $202 million or 5 percent of FY14 appropriations.

Consensus Revenue Estimates, Dec. 2013
The New Mexico Economy:

Finally
Recovering from the Great Recession in NM style...

New Mexico and lagging Albuquerque MSA continue to pull out of the deepest and longest recession since the 1930’s. The expansion has broadened and deepened, but there is a growing list of casualties – businesses that failed because they couldn’t hang on any longer, families who have left the state, businesses that have pulled up stakes to try their fortune elsewhere. NM is not attracting the interest nor the investment that it once did.

Bright spots have been tourism, transportation, mining and extractive industries, and renewables. NM stands to be a big winner from the Medicaid expansion and ACA. Our technology is attracting interest with initiatives like Innovate Albuquerque holding great promise. However,…

• Sectors which have traditionally cushioned the impacts of national recessions on NM – federal, state and local government, professional services – have been less able to play a stabilizing role this time around.

• The NM economy is feeling the pain from federal government cut-backs and stands vulnerable to future cuts.

• NM needs to protect its water resources, to deal with income inequality and deep and persistent poverty, to address the inadequacy of its public education system...NM needs to create a compelling vision for the future that will excite and that can attract, grow & retain businesses while encouraging New Mexicans to realize their full potential.