

University of New Mexico
Bureau of Business and Economic Research



New Mexico Women's Agenda Lobbying Workshop
State of the Economy: US, New Mexico

January 11, 2013

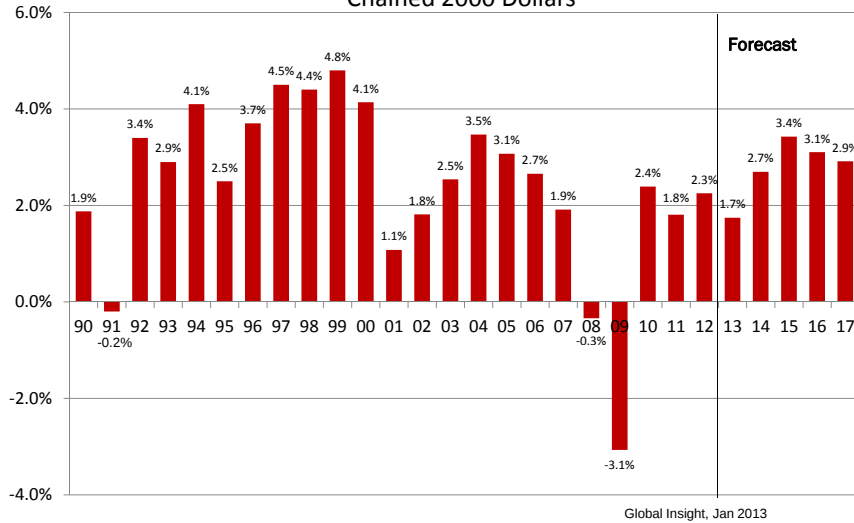
Dr. Lee A. Reynis, Director
lreynis@unm.edu

UNIVERSITY OF NEW MEXICO
BUREAU OF BUSINESS AND ECONOMIC RESEARCH
303 Girard Blvd. NE
MSC06 3510 / Onate Hall
Albuquerque, New Mexico 87131

National Economy

Annual Growth in US Real GDP

Chained 2000 Dollars

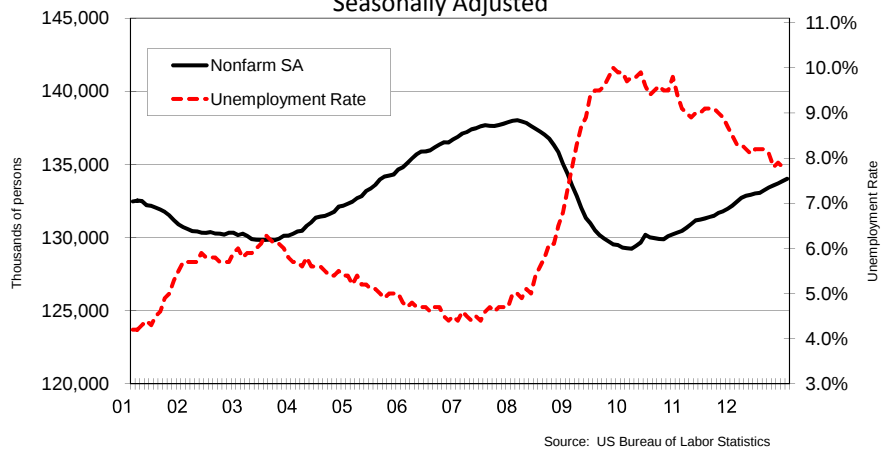


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Employment grew by 155,000 in Dec and the unemployment rate held at 7.8%. Monthly employment growth since July has averaged 157,000, or 1.43%. Dec. employment 97.1% of peak.

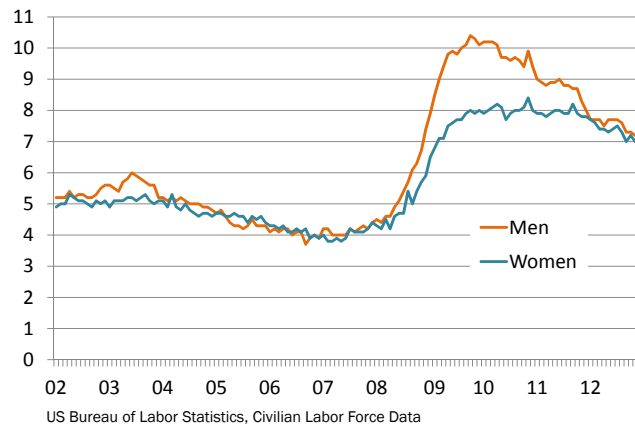
US Nonfarm Employment and Unemployment

Seasonally Adjusted



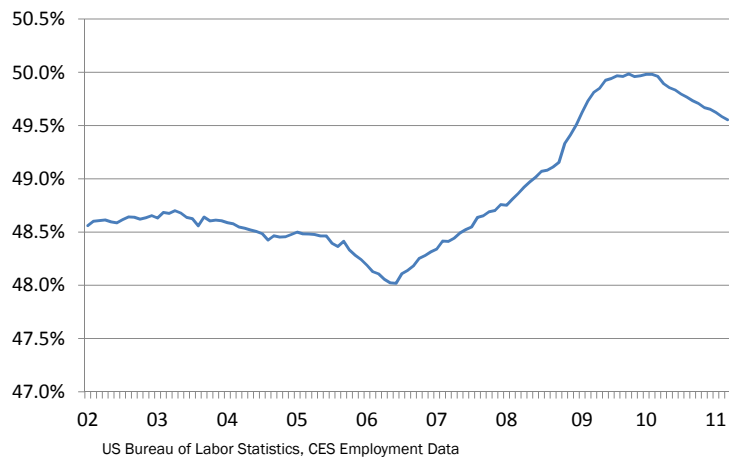
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US Unemployment Rate (%) Men and Women 20 and Over

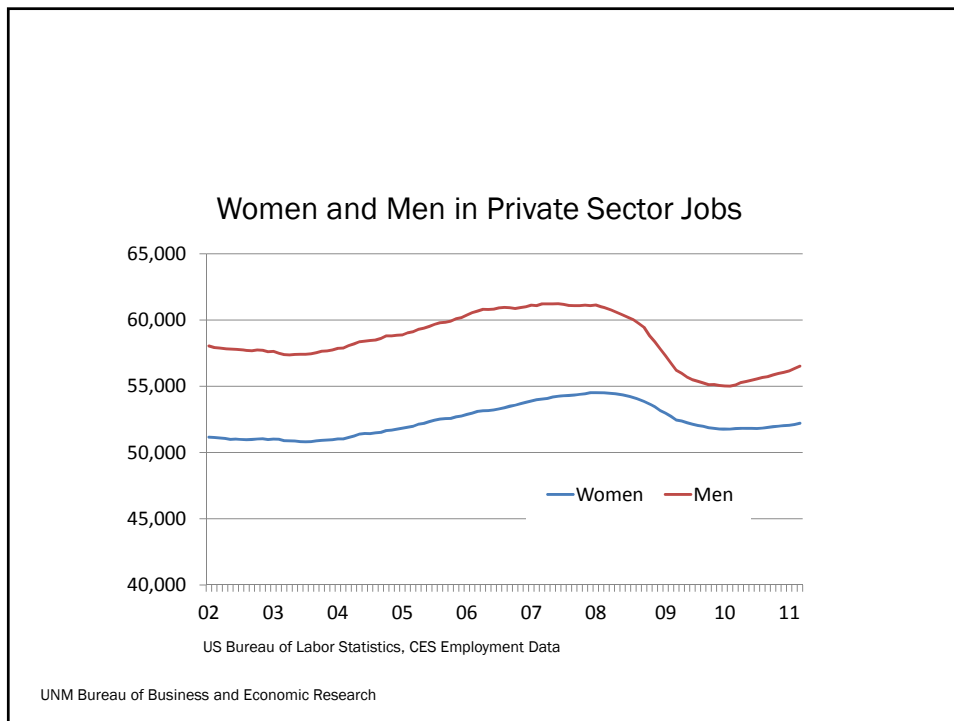
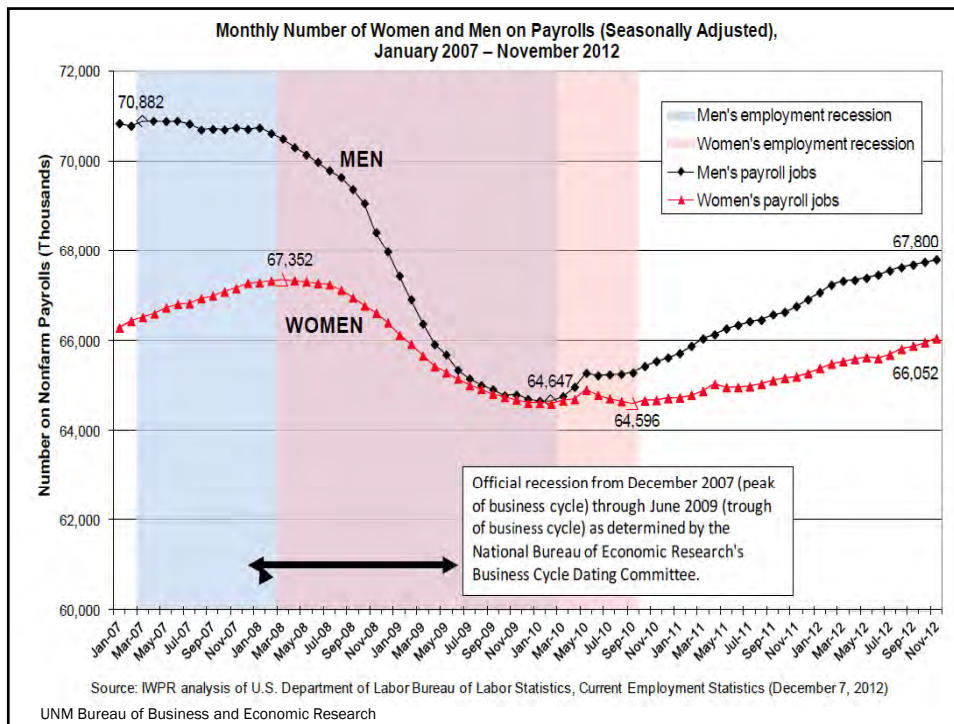


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Women as a % of Total Nonfarm Employment



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The New Mexico Economy The Great Recession

How goes the NM economy?

Index Includes...

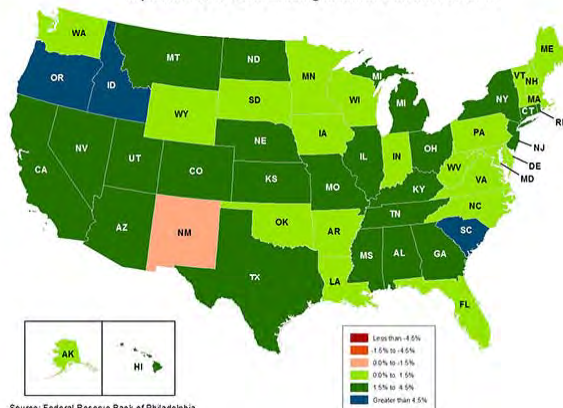
- State-level housing permits
- Initial unemployment insurance claims
- ISM delivery times
- Spread between 10-year Treasury bond and 3-month T-bill
- The state's coincident index

Coincident index includes:

- Nonfarm employment
- Avg. hours worked in manufacturing
- Unemployment rate
- W&S Disbursements (deflated by CPI)

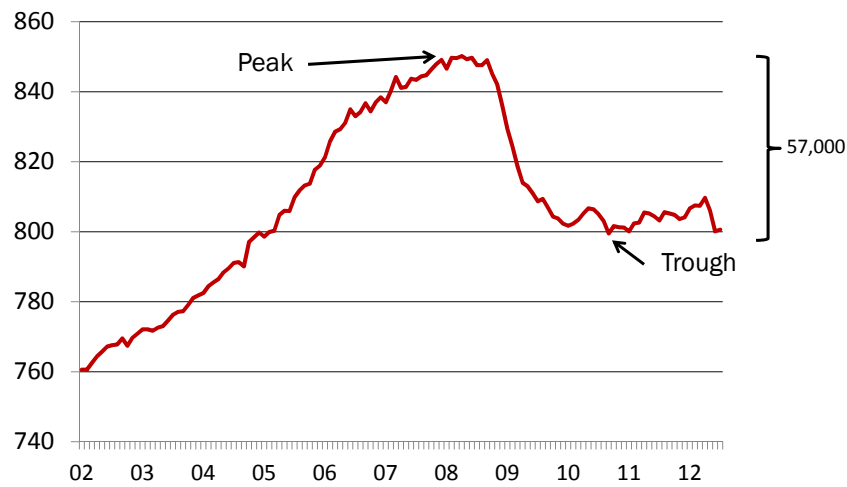
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Philadelphia Federal Reserve Bank September 2012 State Leading Indexes: 6-Month Forecast



New Mexico Nonfarm Employment

In 1000s, Monthly, Seasonally Adjusted

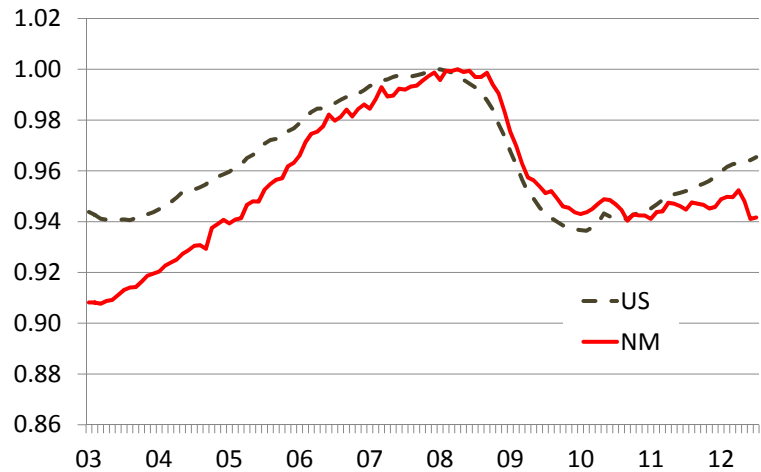


Source: US Bureau of Labor Statistics, Current Employment Statistics

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New Mexico and US Nonfarm Employment

Monthly, Seasonally Adjusted, Indexed to Peak

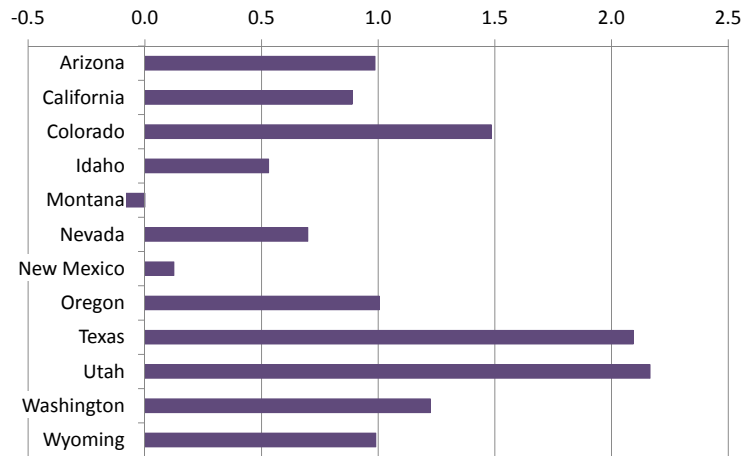


Source: US Bureau of Labor Statistics, Current Employment Statistics

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New Mexico in the Context of the Western Region

Actual Non-Farm Employment Growth, 2011

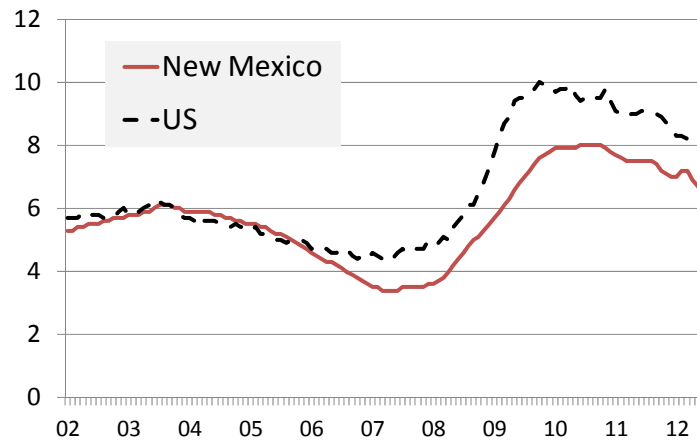


US Bureau of Labor Statistics Data

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On the other hand...

Quarterly Unemployment Rate US and New Mexico, SA



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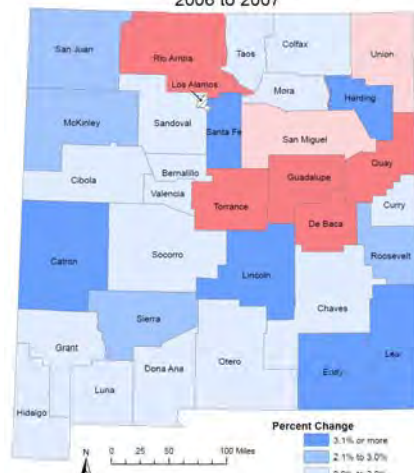
The Great Recession in New Mexico has been distinguished by its depth, by its length, by the numbers of people impacted, and by its breadth:

Geographic...

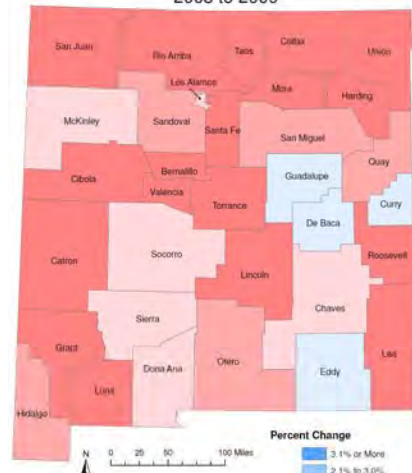
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Geographic spreading of the recession in New Mexico...

Percent Change in Total Covered Wage and Salary Employment by County
2006 to 2007



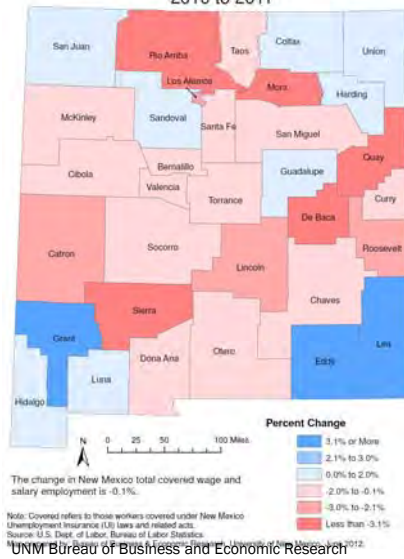
Percent Change in Total Covered Wage and Salary Employment by County
2008 to 2009



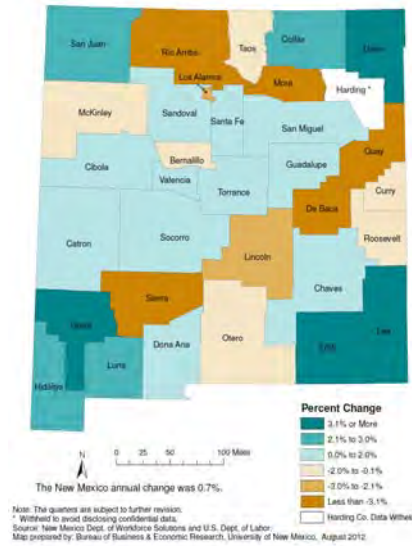
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2 years later: Private employment growth is happening.

Percent Change in Total Covered Wage and Salary Employment by County
2010 to 2011

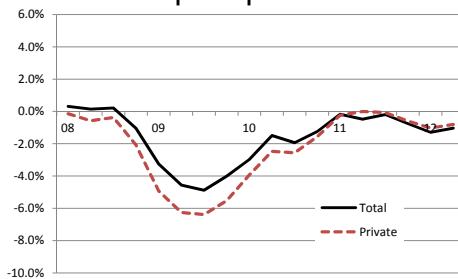


Private Covered Wage and Salary Employment by County
Percent Change 2010 to 2011

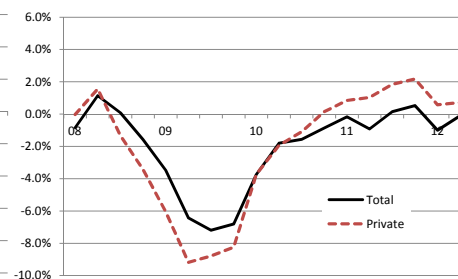


Employment Growth in NM MSAs

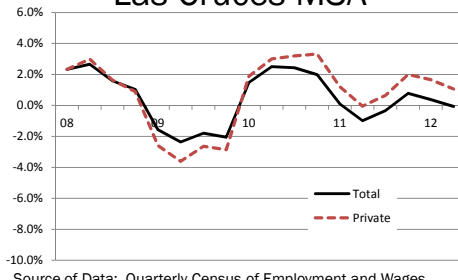
Albuquerque MSA



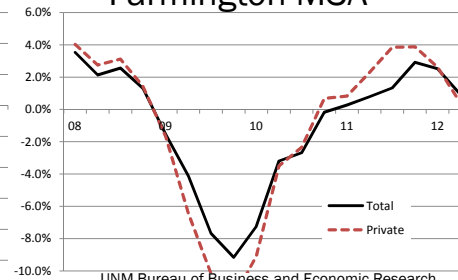
Santa Fe MSA



Las Cruces MSA



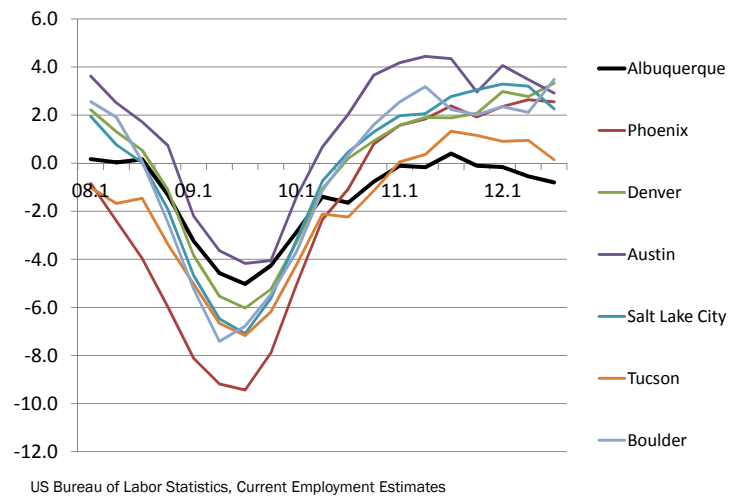
Farmington MSA



Source of Data: Quarterly Census of Employment and Wages

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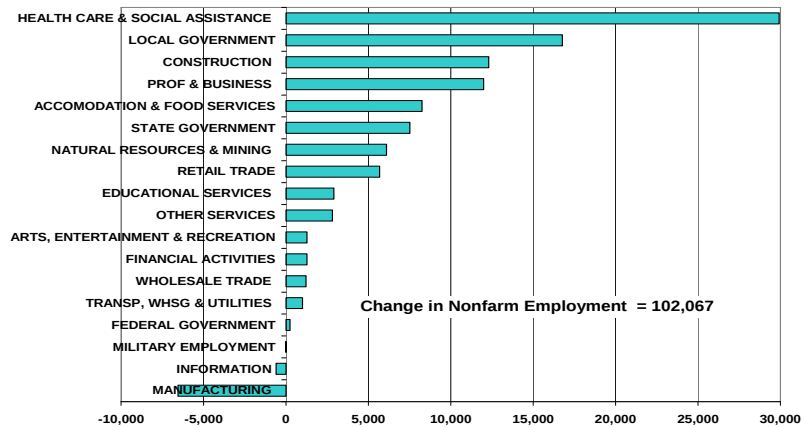
Employment Growth in Albuquerque MSA Compared to Major MSA's in Surrounding States



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Across the sectors...

Growth in NM Wage & Salary Employment 2000-08

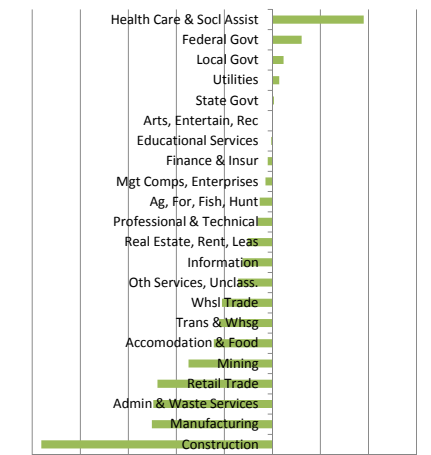


Note: Figures for State & Professional & Business Services adjusted to reflect current ownership of Los Alamos National Laboratory.

Source: NM Dept of Workforce Solutions, Bureau of Economic Analysis (military)

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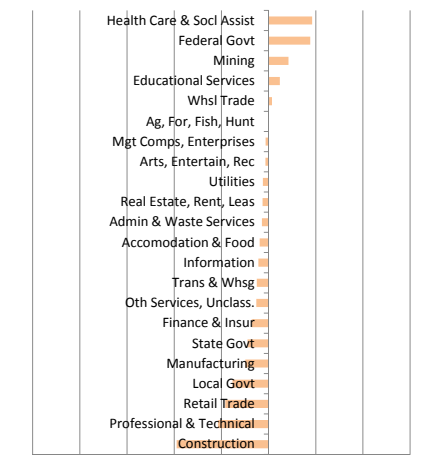
Change in New Mexico Employment From Quarterly Census of Employment and Wages 2008 - 09



Total change = - 34,227 jobs
Private change = - 35,974

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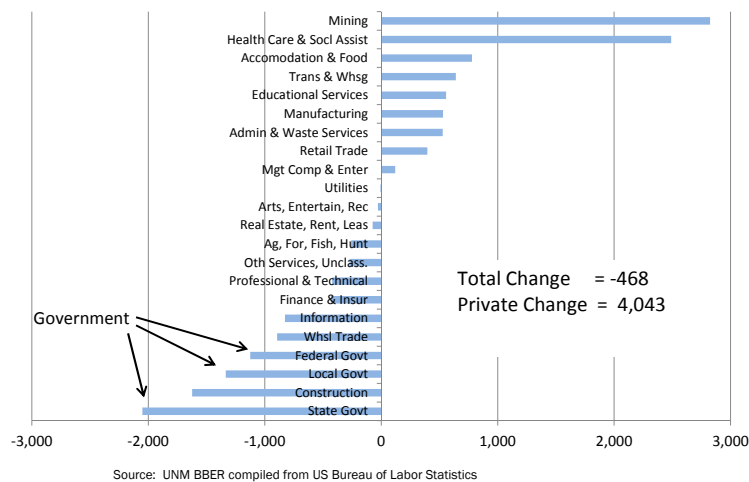
2009 - 10



Total change = - 9,880 jobs
Private change = - 9,214

Source: UNM BBER compiled from US Bureau of Labor Statistics

Change in New Mexico Employment, 2010 to 2011 From Quarterly Census of Employment and Wages



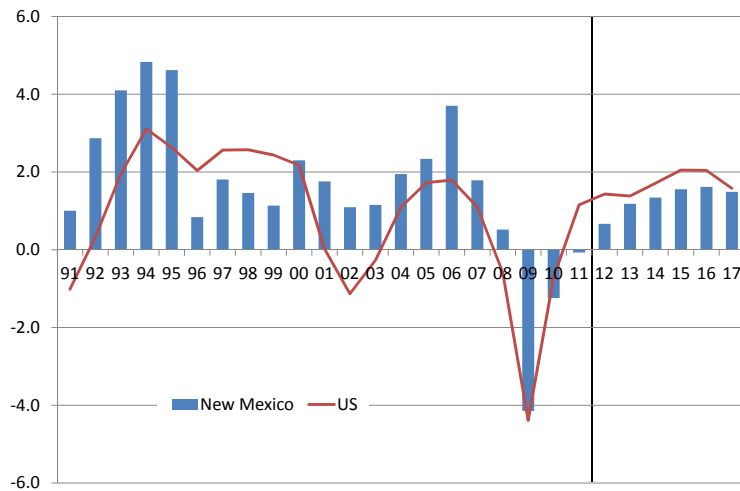
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The Economic Forecast for New Mexico



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Growth in Nonfarm Employment: New Mexico and US



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UNM FOR-UNM, Oct 12, Global Insight, Jan 13

Developments Holding NM Back

- Construction
- Government

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Construction – Prolonged boom, collapse, recovery?

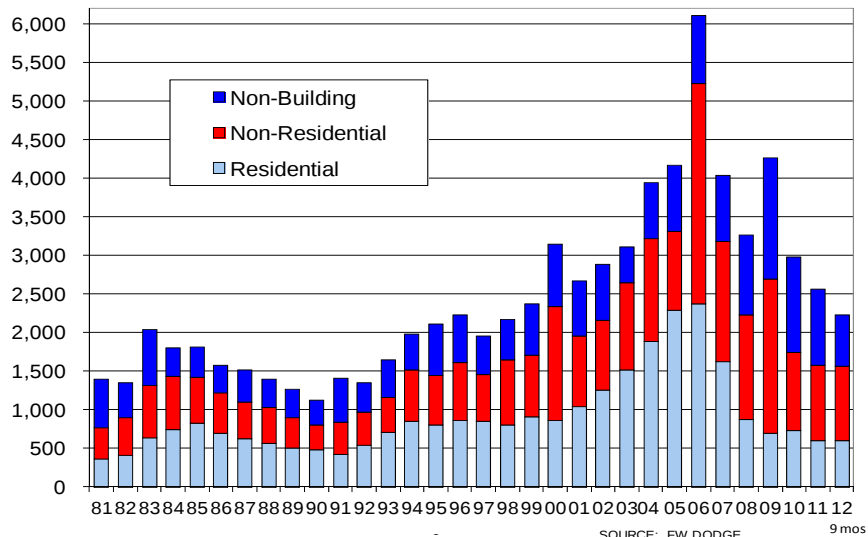
New Mexico Construction Employment



UNM FOR-UNM, Oct 12

UNM Bureau of Business and Economic Research

New Mexico Dollar Value of Construction Awards (\$000,000)

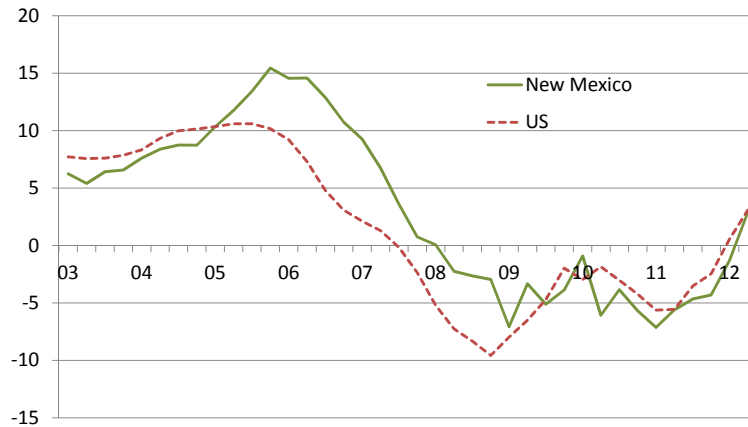


SOURCE: FW DODGE

UNM Bureau of Business and Economic Research

Housing Prices

Four-Quarter % Change in FHFA Housing Price Indexes (Purchase only), 2012 Q2



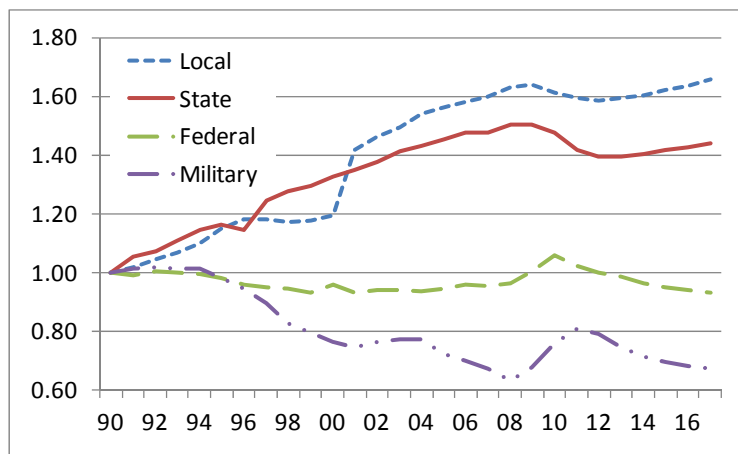
Source: Federal Housing Finance Agency

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Government, which accounted for 24% of NM employment in 2010, (17% in US) no longer positioned to help buoy up the economy...

Government Employment in New Mexico

All Levels Indexed to 1990



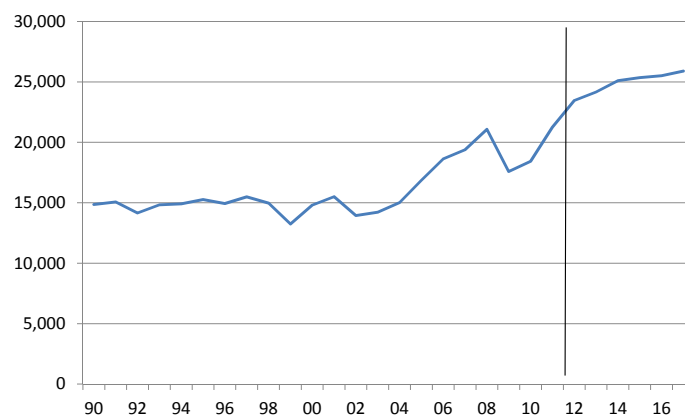
UNM FOR-UNM, Oct 12

UNM Bureau of Business and Economic Research

Areas of Strength

With new technologies and continued high prices for oil and other commodities...

NM Employment in Mining & Extractive Industries

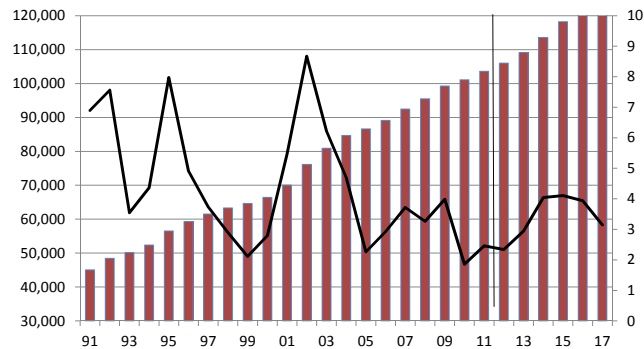


UNM FOR-UNM, Nov 11

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Health Care in New Mexico

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



Medicaid Expansion for newly eligible (adults up to and including 138% of poverty) could bring in \$3.9 - \$5.8 billion in net new federal funds between FY 14 and FY 20, adding as many as 1,000 direct jobs in 14 and more than 4,000 by 20, when estimated net gain in jobs could be 8,500 jobs per year.

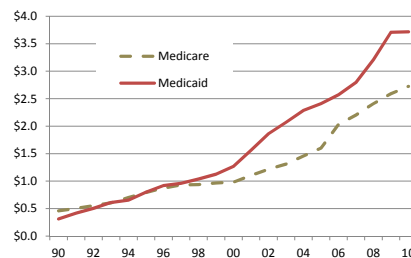
However...

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Health Care in New Mexico

- Percent of non-elderly uninsured was 24% in 2010-11, ranked at the bottom with TX (27%) and NV (23%)
- Only 49% of non-elderly have private health insurance
- State is underserved by doctors and other health care providers, particularly in rural areas
- There are concerns about future funding...

NM Medicare & Medicaid Payments
\$ Billions



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Tourists are coming, helping to boost hospitality industry employment and earnings as well as retail trade.

Exports to the rest of the world are once again growing.

Transportation

- Union Pacific's new terminal at Santa Theresa
 - 3000 new jobs during the construction phase
 - 800 permanent new jobs
- Expansion of the Port at Santa Theresa
- Burlington Northern's construction of double track through Abo Canyon and related development that could occur in Valencia Co.

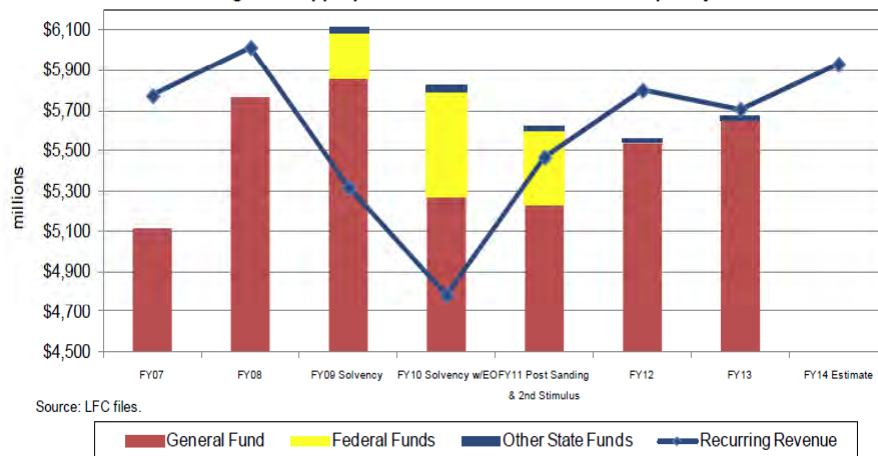
Alternative energy, particularly solar and wind energy are making strides...

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Fiscal Situation, State and Federal

State Government

Figure 1. Appropriations: General Fund and Temporary Funds



December 2012 Consensus Revenue Estimate,

General Fund Financial Summary - December 2012 Consensus Revenue Estimate (in millions of dollars)

APPROPRIATION ACCOUNT	Estimated FY2012	Estimated FY2013	Estimated FY2014
REVENUE			
Recurring Revenue			
August 2012 Consensus Forecast	\$ 5,746.3	\$ 5,687.5	\$ 5,922.1
Adjusted for Legislation			\$ -
December 2012 forecast update	\$ 56.1	\$ 19.9	\$ 10.6
Total Recurring Revenue	\$ 5,802.4	\$ 5,707.3	\$ 5,932.7
Nonrecurring Revenue			
December 2012 Consensus Forecast	\$ 14.7	\$ (3.3)	\$ (0.9)
Adjusted for Legislation	\$ (40.0)	\$ -	\$ -
Total Non-Recurring Revenue (1)	\$ (25.3)	\$ (3.3)	\$ (0.9)
TOTAL REVENUE	\$ 5,777.1	\$ 5,704.0	\$ 5,931.8
APPROPRIATIONS			
Recurring Appropriations			
General Appropriation	\$ 5,431.3	\$ 5,649.6	
Special/New Initiatives Appropriations	\$ 40.9		
Total Recurring Appropriations	\$ 5,472.2	\$ 5,649.6	
Nonrecurring Appropriations			
2012 Regular Session	\$ 5.8		
2013 Regular Session - Capital Outlay		\$ -	
2013 Deficiencies, Supplementals, Specials and IT	\$ 59.9	\$ -	
Total Nonrecurring Appropriations	\$ 65.7	\$ -	
TOTAL APPROPRIATIONS	\$ 5,537.9	\$ 5,649.6	
Transfer to/(from) Reserves (2)	\$ 239.3	\$ 54.4	
GENERAL FUND RESERVES			
Beginning Balances	\$ 503.3	\$ 754.8	
Transfers from (to) Appropriations Account	\$ 239.3	\$ 54.4	
Revenue and Reversions	\$ 176.4	\$ 83.8	
Appropriations, expenditures and transfers out	\$ (164.1)	\$ (88.7)	
Ending Balances	\$ 754.8	\$ 804.3	
Reserves as a Percent of Recurring Appropriations	13.8%	14.2%	

Notes:

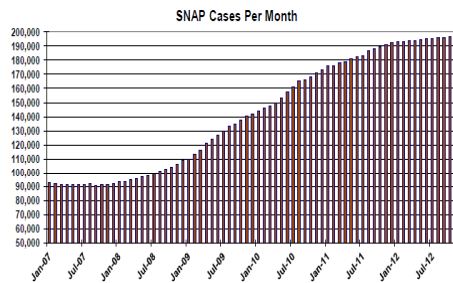
(1) FY12 includes \$18.3 in nonrecurring revenue: \$11.4 million fund transfer for solvency, and \$6.9 million for tax amnesty. The nonrecurring revenue reductions in FY13 and FY14 reflect accelerated revenue collections due to the tax amnesty program.

(2) Pursuant to Section 10, \$40 million was transferred from the Appropriation Account to the Appropriation Contingency Fund in FY12.

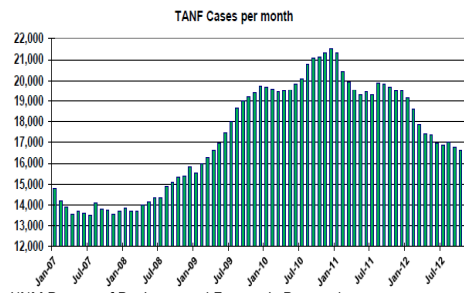
December 2012 Consensus Revenue Estimate,

Monthly Stats from the NM Human Services Dept.

Supplemental Nutrition Assistance Program

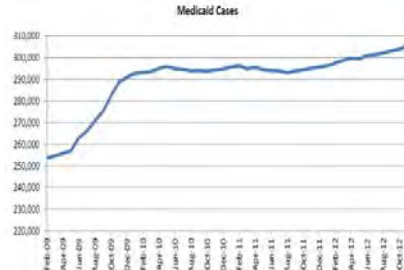


TANF Cash Assistance

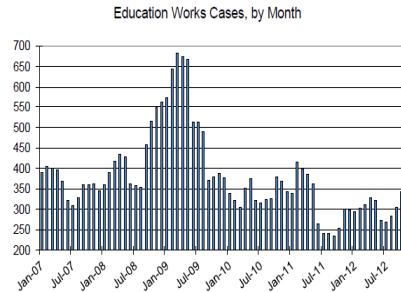


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Medicaid



Education Works



NM HSD Monthly Statistical Report, Sept 2011

NM Works Activity Placements on Nov 31, 2012 as reported by SL Start **	
Adult Basic Education	53
Child Care	0
Community Services	456
Employed Full Time	704
Employed Part Time	1,017
English as a Second Language	18
Individual Job Search	293
Life Skills	27
Literacy Training	2
Money Management	0
On the Job Training	5
Parenting Classes	8
Postsecondary Education	53
Secondary Education	62
Self Employed	98
Skills & Education for Employment	123
Skills training	124
Treatment Program	4
Vocational Training/Education	613
Work Experience	694
Other	1,706
Total	6,060

**Data preliminary and subject to later revision.

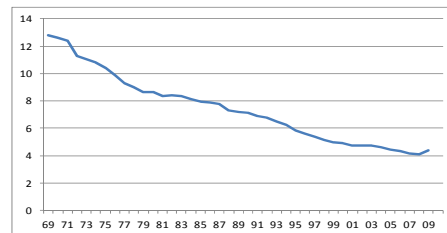
Placements may be duplicated as some individuals may work more than one activity or job.

Average Starting Hourly Wage of November TANF Employments, as reported by SL Start



Dependence on the Federal Government

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



Source of data: US Bureau of Economic Analysis

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. Procurement is huge - 27% vs 16% in US --, and 64% of that is with the DOE, primarily for LANL & Sandia NL.

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

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Impacts of Sequestration on the New Mexico Economy

BBER analysis using IMPLAN:

- Maximum job loss compared to forecasted growth is 20,700 jobs in 2014, but employment less by roughly 20,000 in each succeeding year.
- Job growth in 2014 is 1.6% less than would otherwise be, although subsequent years will have slightly higher growth than baseline.
- Because of the importance of procurement for the National Laboratories, professional and business services take the biggest hit, losing over 5,000 jobs, while healthcare and social assistance sustains losses of over 4,000.

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New Mexico is slowly pulling out of deepest and longest recession since the 1930's. Health services and education continue to expand and there are other growth areas as noted above. However...

- Sectors which have traditionally cushioned the impacts of national recessions on NM – federal, state and local government, professional & technical services – are less able to play a stabilizing role this time around.
- The construction industry, which, in the aftermath of previous recessions bounced back, is just beginning to turn around. There has been an oversupply of housing, with foreclosures adding to the stock, but prices have firmed and new construction is picking up. Governments are still in austerity mode. Businesses await the recovery of demand.
- The ACA & the Medicaid Expansion offer hope for the uninsured and a population underserved, but the healthcare services sector, which has led NM growth for over a decade, is already heavily dependent on state and federal funding and vulnerable to future fiscal austerity.

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