New Mexico Economy: Recent Developments and Outlook

Lee A. Reynis

Follow this and additional works at: https://digitalrepository.unm.edu/bber

Recommended Citation

This Presentation is brought to you for free and open access by the Bureau of Business and Economic Research at UNM Digital Repository. It has been accepted for inclusion in BBER Publications by an authorized administrator of UNM Digital Repository. For more information, please contact disc@unm.edu.
It is official. NM population now over 2 million.

New Mexico Decennial Population
1920 - 2010

Source: 2010 Census and UNM BBER Data Bank
The Great Recession

New Mexico Style...

New Mexico and the US: Nonfarm Employment Growth Over Previous Business Cycles and National Recessions
% chg month over same month year ago, not seasonally adjusted

UNM Bureau of Business and Economic Research
May be insulated from some effects, not others...

**Composition of NM Payroll Employment, 2009**

<table>
<thead>
<tr>
<th></th>
<th>New Mexico</th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Nonfarm Establishments</td>
<td>75.5%</td>
<td>82.8%</td>
</tr>
<tr>
<td>Natural Resources &amp; Mining</td>
<td>2.2%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Construction</td>
<td>5.9%</td>
<td>4.6%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>3.7%</td>
<td>9.1%</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>2.7%</td>
<td>4.3%</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>11.3%</td>
<td>11.1%</td>
</tr>
<tr>
<td>Transp, Whsg &amp; Utilities</td>
<td>2.8%</td>
<td>3.7%</td>
</tr>
<tr>
<td>Information</td>
<td>1.8%</td>
<td>2.1%</td>
</tr>
<tr>
<td>Financial Activities</td>
<td>4.1%</td>
<td>5.9%</td>
</tr>
<tr>
<td>Professional &amp; Business Services</td>
<td>12.6%</td>
<td>12.7%</td>
</tr>
<tr>
<td>Education &amp; Health Services</td>
<td>14.6%</td>
<td>14.7%</td>
</tr>
<tr>
<td>Leisure &amp; Hospitality</td>
<td>10.4%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Other Services</td>
<td>3.5%</td>
<td>4.1%</td>
</tr>
<tr>
<td>Government</td>
<td>24.5%</td>
<td>17.2%</td>
</tr>
<tr>
<td>Federal</td>
<td>3.9%</td>
<td>2.2%</td>
</tr>
<tr>
<td>State</td>
<td>7.3%</td>
<td>4.0%</td>
</tr>
<tr>
<td>Local</td>
<td>13.3%</td>
<td>11.1%</td>
</tr>
</tbody>
</table>

**Total Nonfarm Payrolls**  
100% 100%


**New Mexico Exports to Other Countries**

Quarterly, in Dollars

Many channels whereby NM affected by what happens elsewhere. This time, exports fell off, commodity prices plummeted, asset prices tumbled, capital investment dried up, access to credit cut off...

Source: MISER
New Mexico has been slow on the up-tick, ranking close to the bottom among the states in job growth.

Paradox: NM has ranked at the bottom in terms of job growth but personal income growth among the highest – in 2009 & 2010.
### New Mexico Personal Income and Components

**In $ Billions, 2008-09**

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>Amount</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages &amp; Salaries</td>
<td>34.1</td>
<td>33.3</td>
<td>(0.7)</td>
<td>(2.2)</td>
</tr>
<tr>
<td>Employer Contributions</td>
<td>8.4</td>
<td>8.6</td>
<td>0.3</td>
<td>3.1</td>
</tr>
<tr>
<td>Proprietors</td>
<td>5.2</td>
<td>4.5</td>
<td>(0.7)</td>
<td>(13.2)</td>
</tr>
<tr>
<td>Farm Proprietors</td>
<td>0.6</td>
<td>0.3</td>
<td>(0.3)</td>
<td>(53.5)</td>
</tr>
<tr>
<td>Non-Farm Proprietors</td>
<td>4.7</td>
<td>4.3</td>
<td>(0.4)</td>
<td>(8.2)</td>
</tr>
<tr>
<td>Earnings by Place of Work</td>
<td>47.7</td>
<td>46.5</td>
<td>(1.2)</td>
<td>(2.4)</td>
</tr>
<tr>
<td>Adjustment for Residence</td>
<td>0.3</td>
<td>0.3</td>
<td>(0.0)</td>
<td>(0.3)</td>
</tr>
<tr>
<td>Less Contributions for Social Insurance</td>
<td>(5.3)</td>
<td>(5.3)</td>
<td>0.0</td>
<td>(0.6)</td>
</tr>
<tr>
<td>Dividends, Interest &amp; Rents</td>
<td>11.3</td>
<td>10.8</td>
<td>(0.5)</td>
<td>(4.1)</td>
</tr>
<tr>
<td>Transfer Payments</td>
<td>12.7</td>
<td>14.3</td>
<td>1.6</td>
<td>12.6</td>
</tr>
<tr>
<td>Total Chg. Personal Income</td>
<td>66.7</td>
<td>66.7</td>
<td>0.0</td>
<td>0.0</td>
</tr>
</tbody>
</table>

Source: US Bureau of Economic Analysis

### Contribution of Different Public Programs to Growth in Transfer Payments, 2009

<table>
<thead>
<tr>
<th>Amount in $ Billons</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chg Total Personal Transfer Payments, 2009</td>
<td>$1.61</td>
</tr>
<tr>
<td>Retirement and disability insurance benefits</td>
<td>0.39</td>
</tr>
<tr>
<td>Medicare benefits</td>
<td>0.21</td>
</tr>
<tr>
<td>Public assistance medical care benefits (Medicaid)</td>
<td>0.32</td>
</tr>
<tr>
<td>Supplemental Nutrition Assistance Program (SNAP)</td>
<td>0.16</td>
</tr>
<tr>
<td>Unemployment insurance compensation</td>
<td>0.32</td>
</tr>
<tr>
<td>Veterans benefits</td>
<td>0.08</td>
</tr>
<tr>
<td>Education and training assistance</td>
<td>0.08</td>
</tr>
<tr>
<td>Chg Accounted for by above public programs</td>
<td>$1.55</td>
</tr>
</tbody>
</table>

Source: US Bureau of Economic Analysis

UNM Bureau of Business and Economic Research
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...
Geographic spreading of the recession in New Mexico

Total Covered Wage and Salary Employment by County Year-Over-Year Percent Change 2007:Q2 to 2008:Q2

Geographic spreading of the recovery...

Year-over-year employment growth a year later, 2010 Q2

UNM Bureau of Business and Economic Research
And by the severity of the impacts across industrial sectors ...

Growth by industrial sector, before...

Growth in NM Wage & Salary Employment, 2000-08

Change in Nonfarm Employment = 102,067

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)

UNM Bureau of Business and Economic Research
Change in New Mexico Employment
2008 to 2009

Change in Nonfarm Employment = -34,316

in calendar 2009...

Latest estimates, 2010 Q3...

Change in New Mexico Employment
2009 Q3 to 2010 Q3

Change in Nonfarm Employment = -5,534

Source: FOR-UNM, Nov. 2010

Source: NM Dept of Workforce Solutions estimated government employment; BBER estimates of private Q3 activity based on QCEW

UNM Bureau of Business and Economic Research
### New Mexico, Recurring General Fund Revenues

<table>
<thead>
<tr>
<th>Millions of Dollars</th>
<th>Actual FY 08</th>
<th>Actual FY09</th>
<th>Forecast FY10</th>
<th>Actual FY 10 (Dec 09 adj) 7/23/2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$6,015</td>
<td>$5,320</td>
<td>$4,831</td>
<td>$4,799</td>
</tr>
<tr>
<td>General Sales</td>
<td>1,923</td>
<td>1,902</td>
<td>1,760</td>
<td>1,687</td>
</tr>
<tr>
<td>Income Taxes</td>
<td>1,568</td>
<td>1,121</td>
<td>1,158</td>
<td>1,065</td>
</tr>
<tr>
<td>Mineral Taxes</td>
<td>626</td>
<td>440</td>
<td>357</td>
<td>394</td>
</tr>
<tr>
<td>Rents &amp; Royalties</td>
<td>610</td>
<td>544</td>
<td>335</td>
<td>422</td>
</tr>
</tbody>
</table>

NM Legislative Finance Committee, Dec 2009 and Dec 2010

---

**The Economic Forecast for New Mexico**

UNM Bureau of Business and Economic Research
Positive but subdued employment growth:
0.7% in 2011; 1.5% or less thereafter...

Annual Growth in Nonfarm Employment
New Mexico and US

Among the MSAs, Las Cruces will grow the fastest...

Annual Growth in Nonfarm Employment
US, NM, Albuquerque, Santa Fe, Las Cruces and Farmington

Source: FOR-UNM, Nov 2010
Global Insight, Dec 2011

UNM Bureau of Business and Economic Research
Developments to watch

Construction. Bottoming out. Then what?

Construction Employment
New Mexico and Albuquerque

Source: FOR-UNM, Nov 2010
Federal Housing Finance Agency Housing Price Indexes
All Trans Index, 2010 Q3

UNM Bureau of Business and Economic Research

New Mexico Housing Units Permitted

Source: BBER FORUM, Nov 2010

UNM Bureau of Business and Economic Research
New Mexico Dollar Value of Construction Awards
($000,000)

Non-Building
Non-Residential
Residential

National Enrichment Facility

$1.4 billion

Mining and extractive industries...

New Mexico Mining Employment

Run-up in oil & gas prices culminated in 2008 spike and August 2008 collapse. Oil prices have since recovered as have prices for some other commodities, but not natural gas.
Nuclear – NEF, recycling, uranium mining

The new energy economy: solar, wind, biofuels, geothermal...

Electricity transmission – extending the grid – Tres Amigas Superstation, Clovis

Broadband – Navajo Nation, rural areas

Transportation – Union Pacific

Manufacturing...

Manufacturing, an important sector with a shrinking workforce...

And an industry subject to considerable volatility
R&D, High Tech Industry

- biomedical
- nanotechnology
- materials
- Aerospace
- semiconductor
- laser optics
- lasers

Arts & Cultural Industries

UNM Bureau of Business and Economic Research
Government Employment in New Mexico
All Levels Indexed to 1992

Fiscal Dilemma: the State’s General Fund

Government – Federal Civilian & Military, State & Local

Source: FOR-UNM, Nov 10

UNM Bureau of Business and Economic Research

New Mexico Legislative Finance Committee, Consensus General Fund Revenue Estimates, Dec.
UNM Bureau of Business and Economic Research
Removing the Safety Net

NM Human Services Dept caseloads continue to rise, but ARRA funding to meet needs is about to end, as will the funding that has kept schools open and teachers working, that has helped people who lose their health insurance to continue to access needed services...
New Mexico economy finally turning around, with positive year-over-year job growth. Growth is spreading geographically and by industrial sector. But unemployment rate still 8.5% SA in Nov 10 and expected to be higher in 2011. Moreover, BBER forecasts that may take until end of 2014 – 6 years from the time NM employment peaked to realize that previous high. And when do, unemployment will be 7.6% – well above the 3.5% averaged in 2007.

UNM Bureau of Business and Economic Research

The end