

Sustainable Economy Advisor Council Statement on 2024 Legislative Priorities

OPPORTUNITIES

New Mexico is presented with tremendous economic opportunities. These opportunities are critical for the state to meet our goals towards economic diversification and just transition.

The Inflation Reduction Act (IRA) and Infrastructure Investment and Jobs Act (IIJA) have made available billions of dollars that can accelerate economic development throughout the state. These laws have provided new revenue opportunities to repair and enhance infrastructure in local communities, as well as provide incentives for attracting good-paying manufacturing jobs, and the state must act expeditiously to take full advantage of these once-in-a-generation resources.

New Mexico is also poised to be a national leader in clean energy development. The Sun Zia project, which recently broke ground, will be the second largest wind and transmission energy project in the world and the North Path and Rio Sol projects are yet to come.

There is also tremendous growth and potential in almost all of the nine target industries of the NMEDD Strategic Plan, as well as the growth sectors identified in the DWS 4-Year WIOA State Plan and the Climate Action Plan. The buildout of border infrastructure, warehouse capacity, and manufacturing will create thousands of jobs, outdoor recreation will see a boost in job creation due to state investments, and New Mexico is now a hub for the film and television industry.

New Mexico will also benefit from a \$3.6 billion surplus to be allocated by the Legislature and Governor this year.

CHALLENGES

Labor, Workforce Shortages, and Barriers to Training and Education

The New Mexico Legislature and Governor must continue to address some key obstacles this legislative session in order for New Mexico to maximize these opportunities for our communities and workers:

- With record low unemployment, New Mexico employers in every sector across the economy have a strong need for skilled workers, and yet, the Department of Workforce Solutions (DWS) estimates that roughly 15,000 people in the state are unemployed or underemployed. These are based on official labor statistics and do not account for many other workers who are not accounted for due to their citizenship status or other reasons.
- New Mexico has vital programs and educational institutions that are poised to train and grow our workforce to fill these needs, primarily in the trades, and we must make critical investments in this ecosystem to ensure that New Mexicans can enjoy the benefits of our growing economy.
- The Opportunity Scholarship Fund only supports students that are in credited-based two and four year degree programs. Many technical, skills-based programs are not eligible for scholarships. When aligned with in demand careers, these credential based training programs are a very efficient and affordable way to help new entries into the workforce raise their earning potential as well as to efficiently upskill existing workers. In light of the thousands of technical skills-based jobs that are now available and many more that are

coming with federal infrastructure funding, New Mexico must address this education gap to support New Mexico's current and future workers.

- Federal Title I and Title II WIOA funding is highly restrictive and excludes many "difficult to reach" New Mexican workers based on age, immigration status, and income (see below for a more extensive list of challenges in workforce development). Federal funds also restrict state employees funded through federal dollars from supporting programs that support many of these workers.

Recommendations

- SEAC recommends that the New Mexico Legislature and Governor allocate state funding to complement federal Workforce Innovation and Opportunity Act (WIOA) funding. The state funds should provide more flexibility to support unemployed, underemployed, low-wage and "difficult to reach" workers to receive training and education regardless of citizenship status. State funding could fill WIOA gaps, encourage innovation, and help regional boards and adult education/certification providers bolster their programming in the state's growth sectors, including: infrastructure, renewable energy, construction, health care, and child care.
- SEAC recommends that the New Mexico Legislature and Governor allocate significant investments and flexible funding to the Department of Workforce Solutions to:
 - Establish a Career Technical Education Trust Fund to provide financial support for New Mexico students in non-credited based programs,
 - Develop a program that supports in demand credential based training programs that include a much broader group of workers than those eligible under current federal funding, expanding to include those workers that would otherwise be excluded by age, immigration status, or income under existing federal programs; and
 - Include additional financial resources for low-income individuals that otherwise would have difficulty or not be able to access these credential based training programs.
 - distribute to the regional Workforce Development boards, the Higher Education Department and Adult Education Programs, and
 - establish a State-administered supplemental income pilot program for workers in transition and in time bound training programs in high demand sectors.
- SEAC also recommends that the New Mexico Legislature and Governor establish a Career Technical Education Trust Fund to provide financial support for New Mexico students in non-credited programs.
- SEAC recommends that the New Mexico Legislature and Governor invest greater resources into our tribal and community colleges and universities, trade schools and apprenticeship programs that are providing vital education and training in trades.
- Create incentives for students/workers and industry to keep students in state.
- SEAC also recommends support for other proposed policies that provide a full range of support to assure that New Mexicans have access to high quality jobs. This includes Early Childhood Education and Paid Family Medical leave.

Lack of Matching Funds and Capacity for Local Communities to Apply for Federal Funds

New Mexico communities, especially rural communities, face a range of obstacles in applying for and implementing federal grants. According to Department of Finance and Administration (DFA) and Council of Government officials, many small municipalities, tribal communities, and other eligible entities do not even bother applying for these grants because of burdensome requirements. The lack

of matching funds that are required by many federal grants is one major issue that prevents communities from applying.

Governor Lujan Grisham has included in her budget recommendation \$100 million for a matching grant fund to be administered by DFA. This will expand upon a \$10 million fund passed in the 2023 legislature and will also expand the scope of the fund's purpose. This includes providing up to 5% of the total grant amounts for support to administer grants and support to offset higher project costs. Matching funds would be available on a rolling basis to all entities eligible for state funding.

The \$100 million Match Fund could leverage up to \$500 million in federal funds and will be a vital first step to help local communities access badly needed resources that can build physical and social infrastructure that can support economic development.

Recommendation: The SEAC urges the Legislature to support the Governor's \$100 Million Match Fund proposal.

APPENDIX

New Mexico Target Industries and Potential Growth Sectors

NMEDD's strategic plan "Empower and Collaborate: New Mexico's Economic Path Forward" identifies 9 target industries: aerospace, biosciences, cybersecurity, film and television, outdoor recreation, sustainable and value added agriculture, intelligent manufacturing, global trade, and sustainable and green energy.

The 4-Year WIOA State Plan identifies these 6 growth sectors: health & behavioral health care; early childhood education and care; natural resources management; first responders; construction industries; and broadband expansion.

The Climate Action Plan identifies transportation, buildings, natural and working lands and adaptation and resilience as important sectors for growth potential and greenhouse gas reduction.

Barriers in New Mexico's Workforce Development System

The workforce development system in New Mexico is funded almost entirely by federal dollars through WIOA Title I funding which is distributed to four regional workforce boards by DWS. The boards run various programs including Workforce Connection one-stop offices, support services, and re-grants to training providers.

Additionally, Title II WIOA funding is appropriated to adult education and integrated education training programs at community colleges, along with a state match.

Federal Title I and Title II WIOA funding is highly restrictive and excludes many "difficult to reach" New Mexican workers based on age, immigration status, and income.

Low-wage workers and "difficult-to-reach" workers need extra support services to participate in workforce development programs (adult education, IET programs, pre-apprenticeships, apprenticeships and certification programs) often not covered by federal WIOA. Examples of these underfunded services include child care, transportation, living stipends, digital access, housing, supplemental income while in training, and equipment, etc.

Undocumented immigrant adult workers, essential underemployed and fully employed workers, are not eligible for in-state tuition and financial aid in for-credit certification programs.