



# BUREAU OF BUSINESS & ECONOMIC RESEARCH

BBER is the recognized economic expert in providing socioeconomic data and forecasting in New Mexico. With more than 70 years of experience, BBER's research team provides economic forecasting as well as research services and communication tools tailored to the needs of clients – public, private, nonprofit, and philanthropic – seeking to understand and shape public policy on the regional, state and local levels.

BBER's services and research help leaders in New Mexico to identify and understand trends and changing economic markets across New Mexico in order to inform decision making.

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*NEW MEXICO'S ECONOMIC AND BUDGET OUTLOOK*  
PREPARED FOR NEW MEXICO SCHOOL BOARD ASSOCIATION  
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UNM BBER DIRECTOR  
JEFFM@UNM.EDU  
FEBRUARY 09, 2018

# Tax Cut and Jobs Act: Impact on New Mexico

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## Cuts largest and most sustained for corporations and high-income households.

New Mexico is home to:

- zero Fortune 1000 companies<sup>1</sup>
- 46% of workforce at firms with >500 employees (43<sup>rd</sup> in rank).<sup>2</sup>
- 4.1% of households earn >\$200k per year (43<sup>rd</sup> in rank)<sup>3</sup>

## Likely deficits may result in cuts in Federal spending.

New Mexico ranks:

- 3<sup>rd</sup> Federal Spending (% GSP)<sup>4</sup>
- 11<sup>th</sup> Federal Retirement Benefits (% GSP)<sup>4</sup>
- 17<sup>th</sup> Federal Non Retirement Benefits (% GSP)<sup>4</sup>
- 3<sup>rd</sup> Federal Grants & Contracts (% GSP)<sup>4</sup>

## Limits on Property tax deductions will minimal impact.

## Impacts on state PIT, CIT likely minimal

<sup>1</sup> Fortune

<sup>2</sup> BLS

<sup>3</sup> Census

<sup>4</sup> Pew Trust

# New Mexico Economic Current Situation

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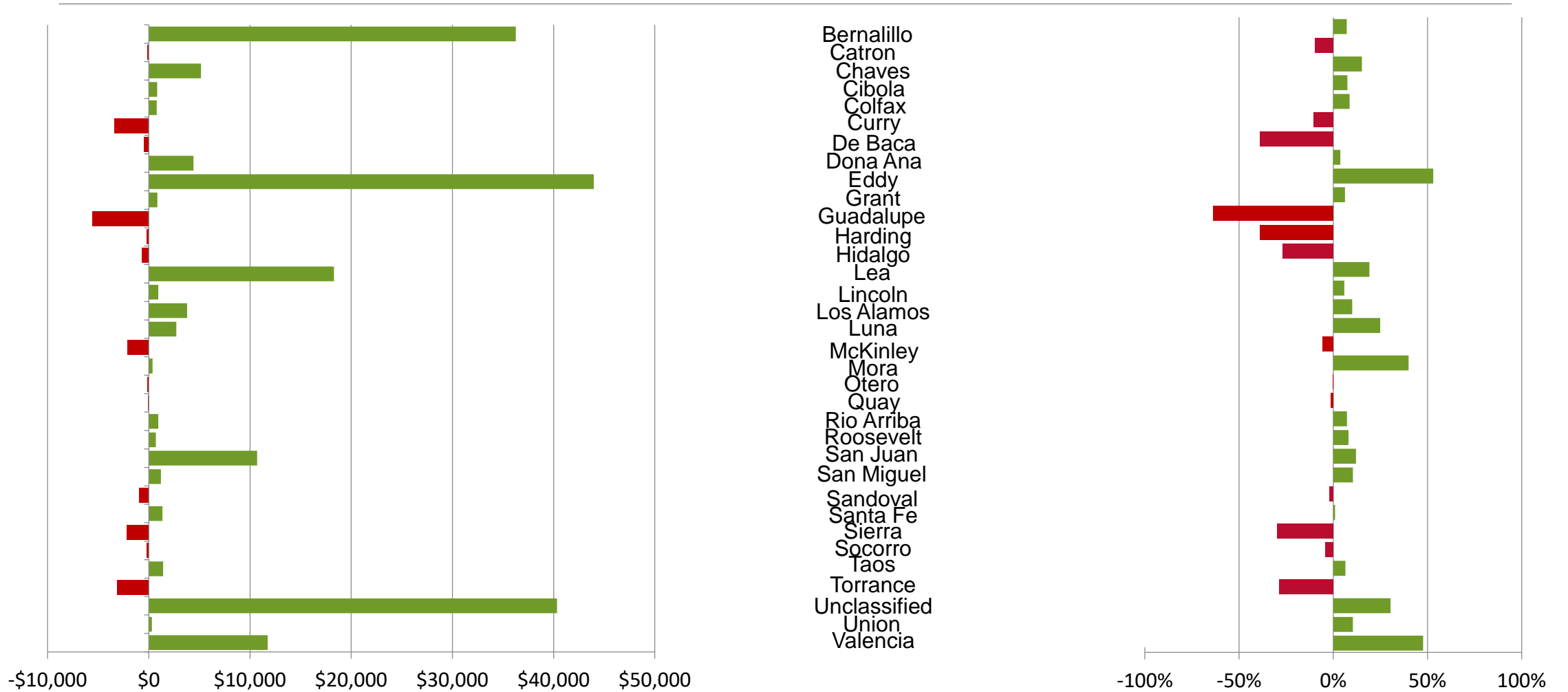
- QCEW says NM added 2,665 jobs (0.3%) in 2017Q2, reversing two quarters of small declines.
- CES shows gains of 0.7% (2017Q3) and 1.0% (2017Q4). Adjusting for prior over-estimates, FOR-UNM anticipates an average of 0.7% (5,850 jobs) for the two quarters. 2017 closes up 0.4% (3,475 jobs).
- Near complete reversal of 2015-16 patterns – jobs in mining (4.8%), construction (5.3%), professional and business services (3.5%), healthcare (0.5%), hospitality (0.3%) slow. Retail falls sharply (-2.2%). Government cuts deepen (-2,250 jobs, -1.2%).
- Labor force growth slightly stronger (0.7%), unemployment at 6.1%.

# New Mexico Economic Current Situation

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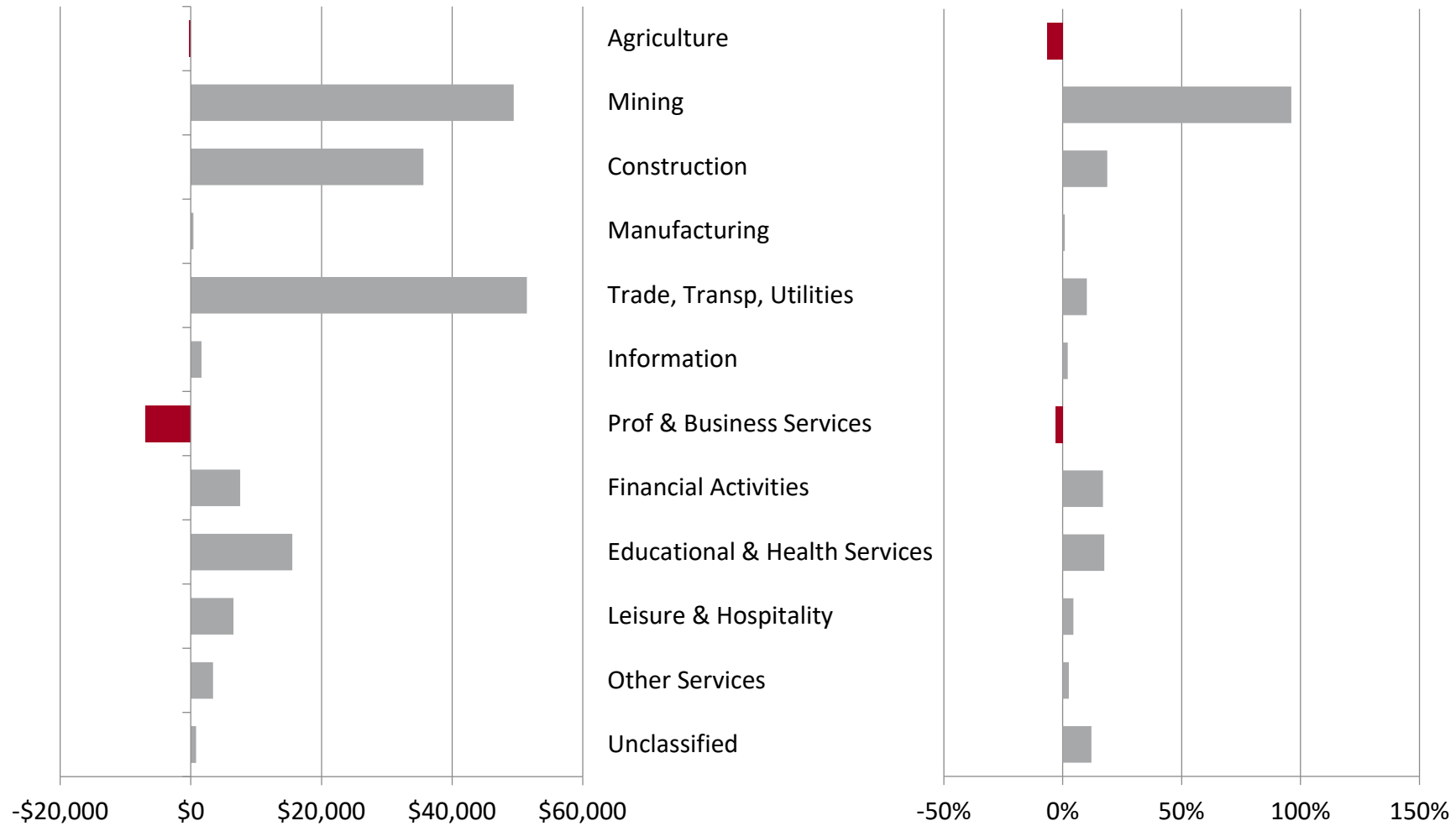
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# Gross Receipts Taxes by County: FY18 (Jul.-Nov.) v. FY17



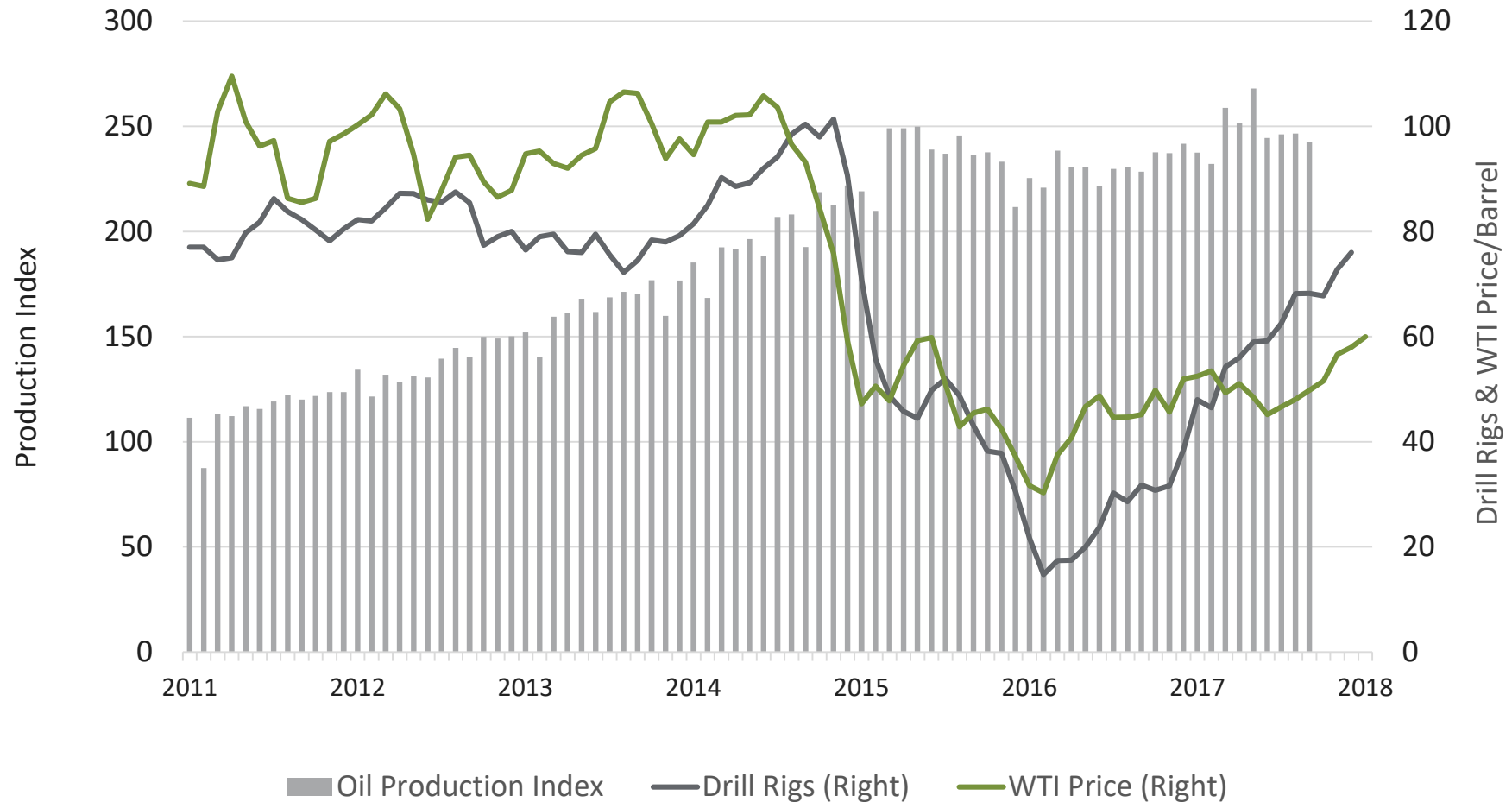
Source: NM Taxation and Revenue Department

# Gross Receipts Taxes by Industry: FY18 (Jul.-Nov.) v. FY17



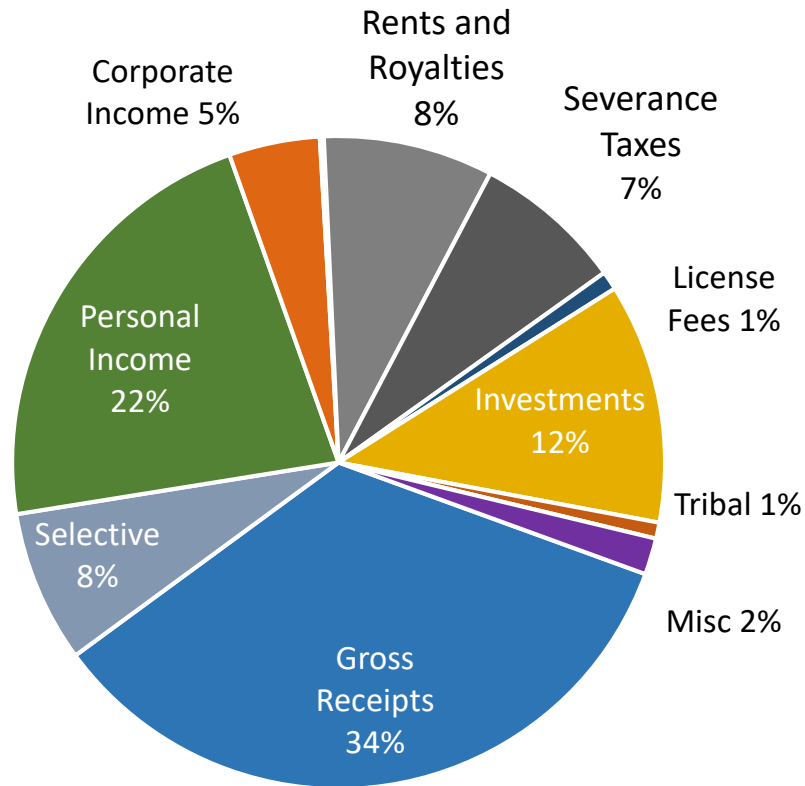
Source: NM Taxation and Revenue Department

# Drill Rig County, Oil Production with WTI Prices

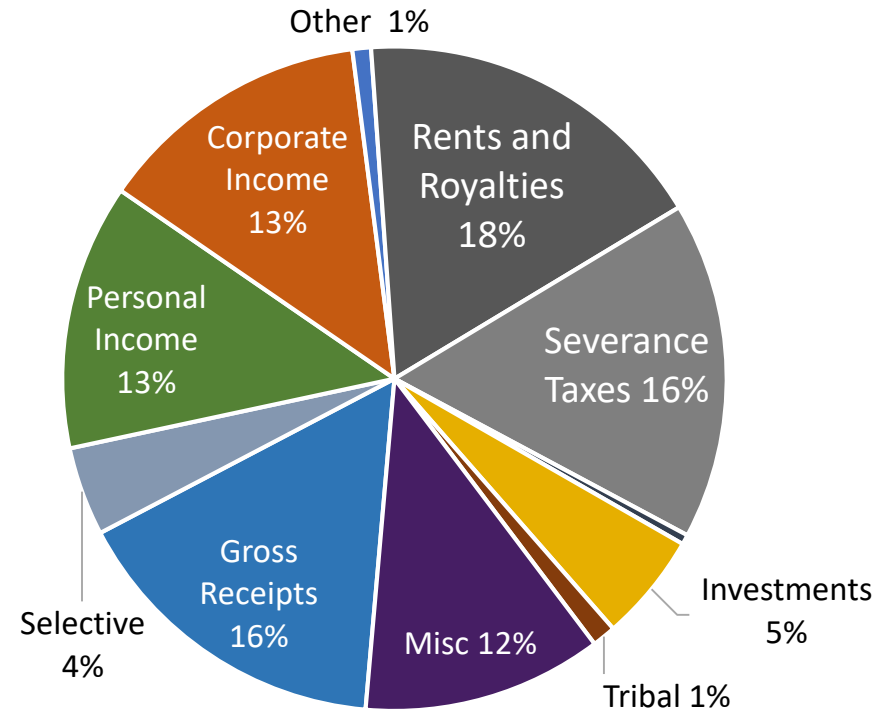


Source: EIA, Baker Hughes, ONGARD, IHS Global Insight

# State General Revenues by Category, FY1991-FY2017



Share of Revenues

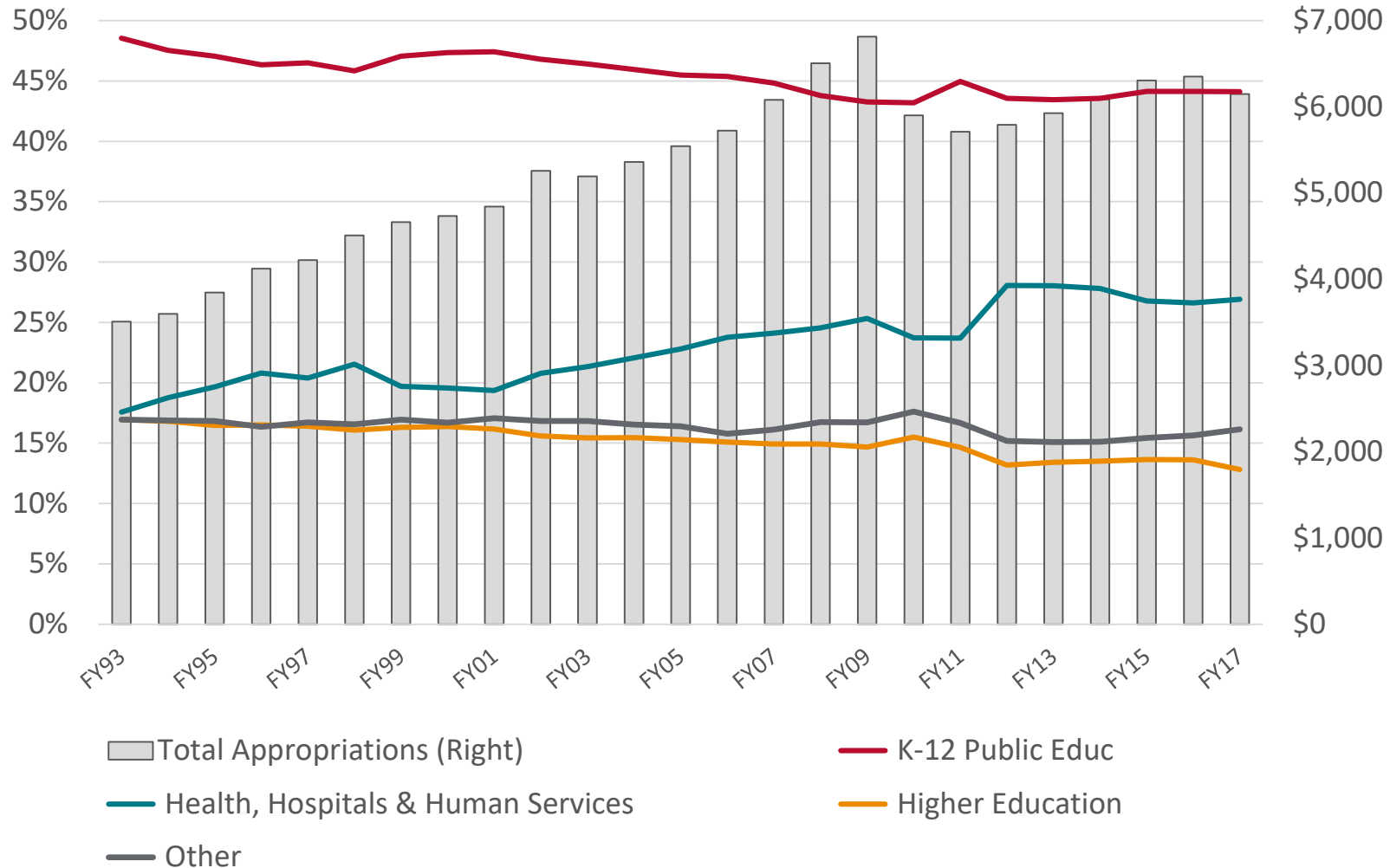


Share of Variation

Source: NM Legislative Finance Committee

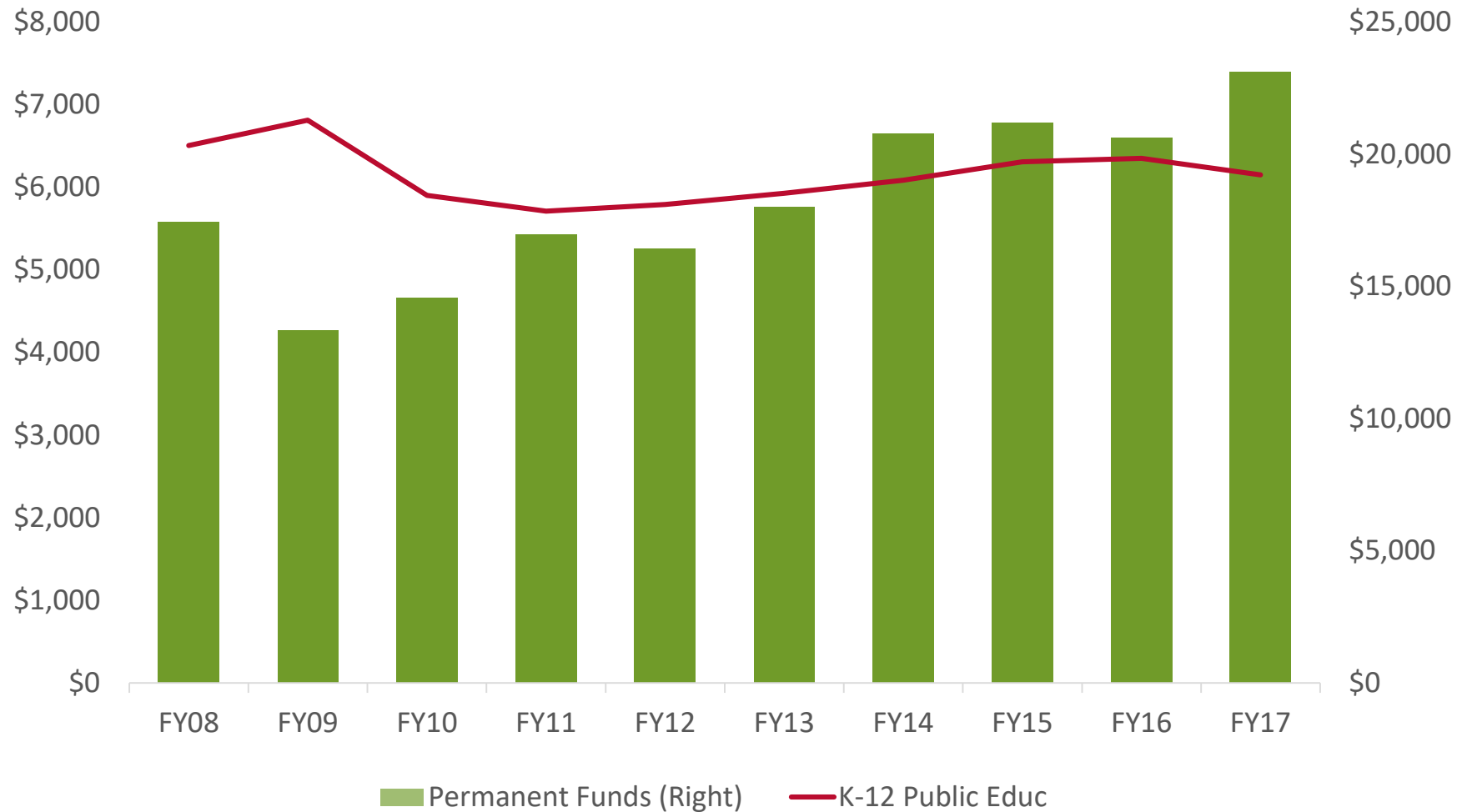


# State General Fund Appropriations by Category, FY91-FY17



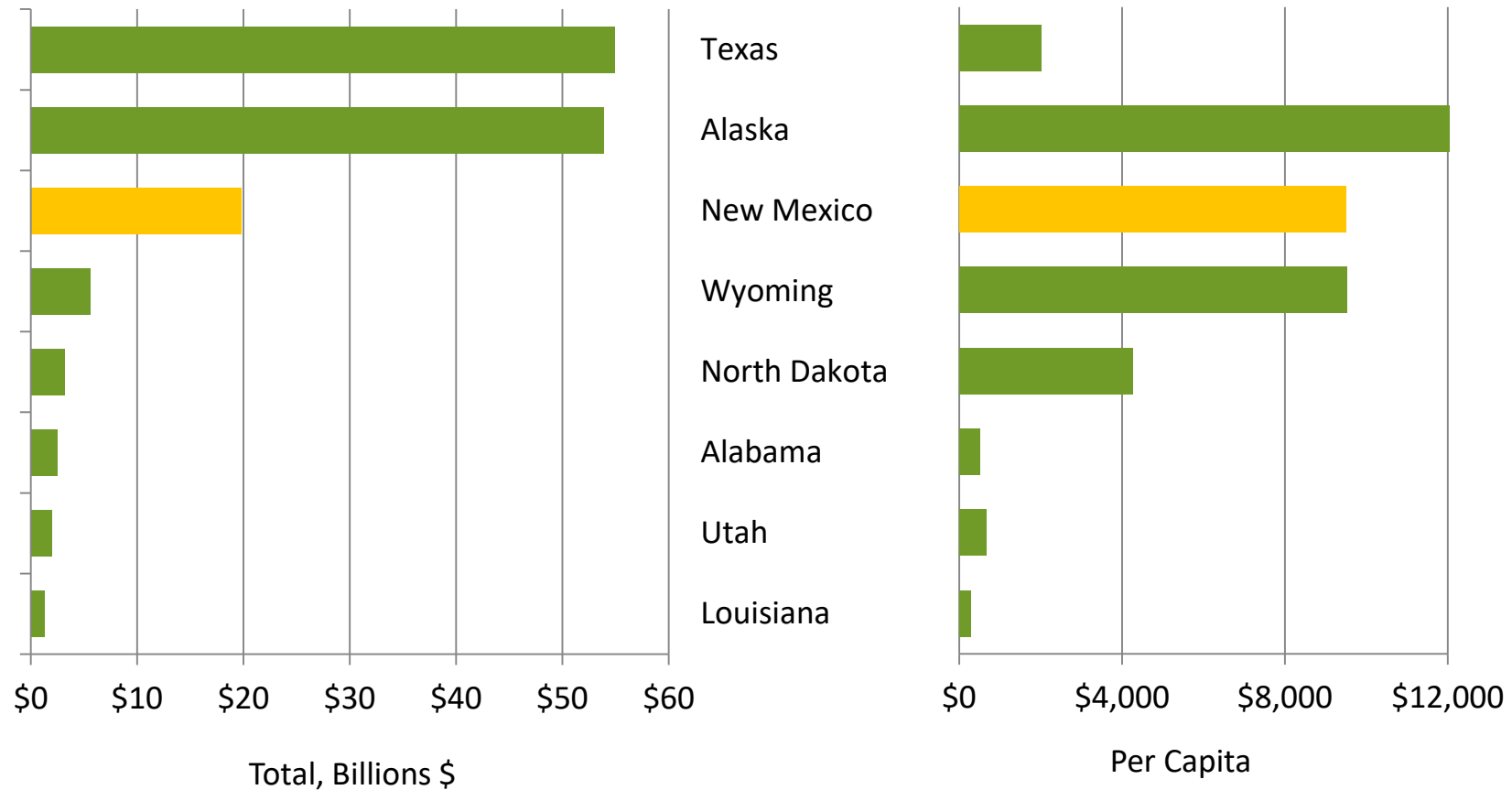
Source: NM Legislative Finance Committee

# Total Value of Permanent Funds and K-12 Appropriations



Source: NM SIC, LFC

# Permanent Funds by State, Total and Per Capita



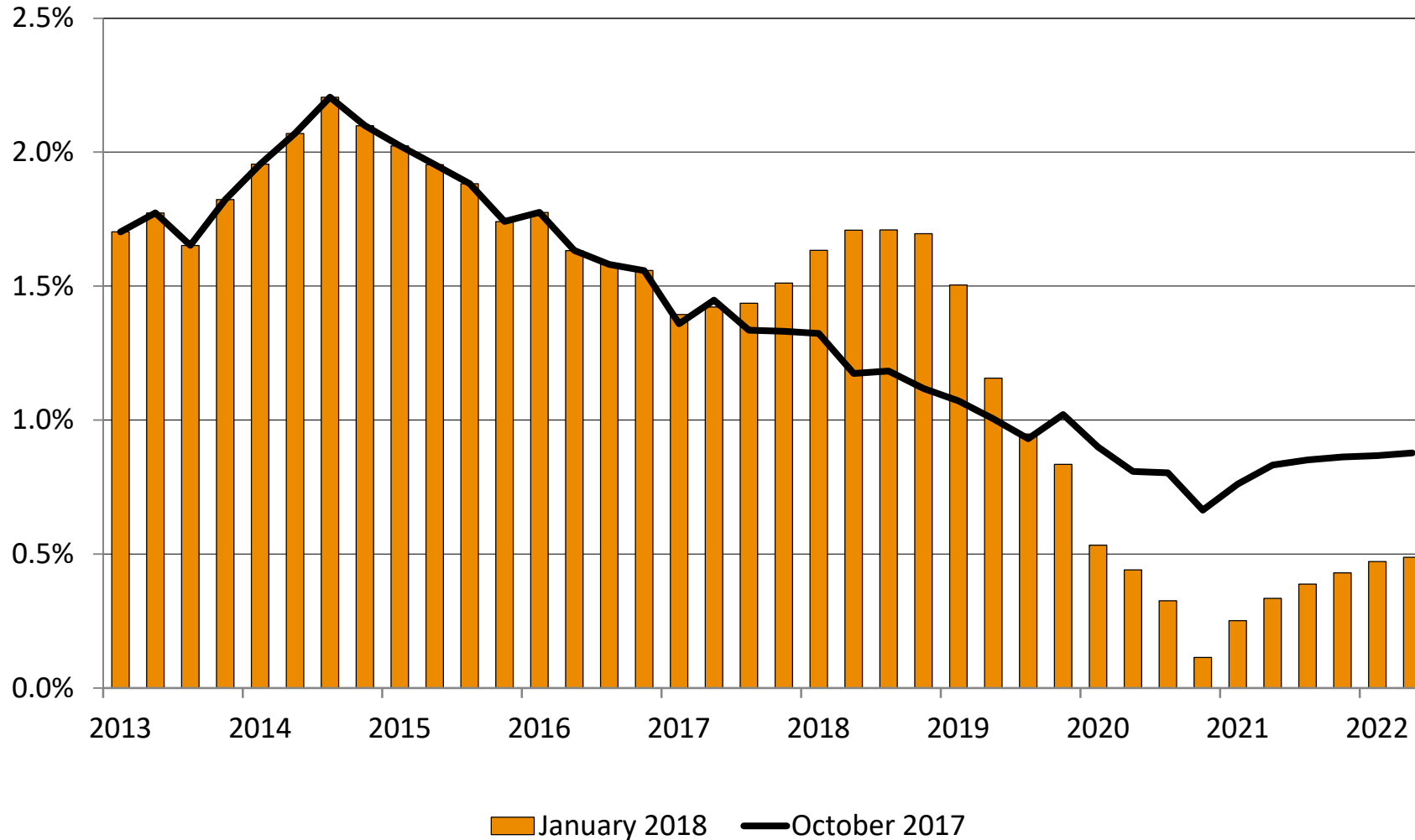
Source: SWFI, UNM BBER

# New Mexico Economic Outlook: 2017-2022

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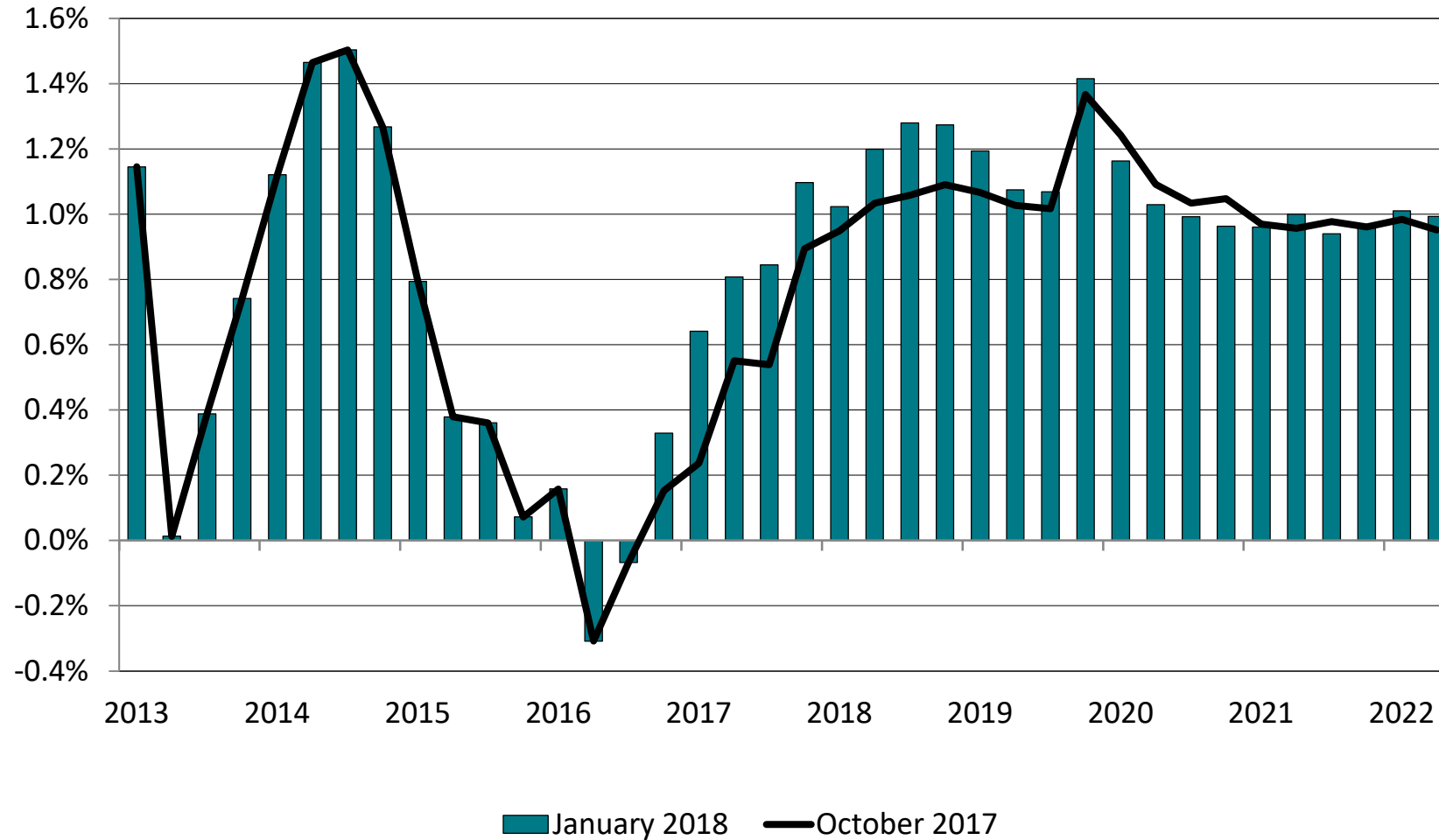
- Forecast 8,450 jobs (1.0%) in 2018; 9,875 jobs (1.2%) in 2019; and average 8,675 jobs (1.0%) after.
- Forecast slightly stronger in near-term, but unchanged longer-term – reflecting impacts of December job gains.
- Income forecast marked down further – 2.7% in 2018, average 4.2% in 2019-2022. This forecast marked down -0.8% in 2018 and -0.3% 2019-2022 due to weaker jobs forecast, lower investment/proprietors' incomes (from IHS Global Insight) and very weak transfers.
- Little reason to expect turn-around in residential construction.
- Oil production to increase gradually, given slightly weaker price outlook.
- Impacts of pessimistic (20%) greater than optimistic (15%) scenario.

# US Employment Forecast



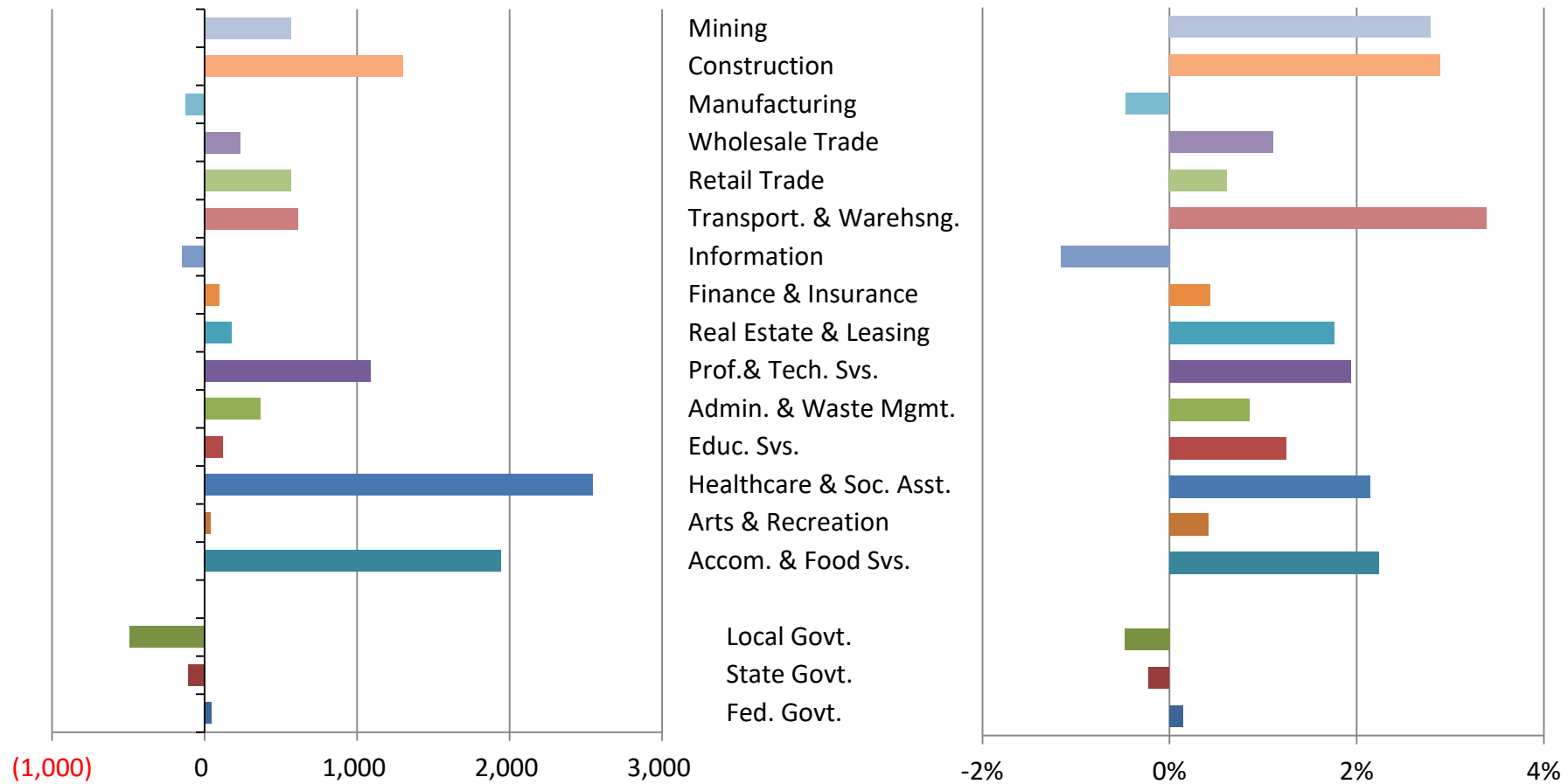
Source: Global Insight, January 2018 and October 2017

# NM Employment Forecast



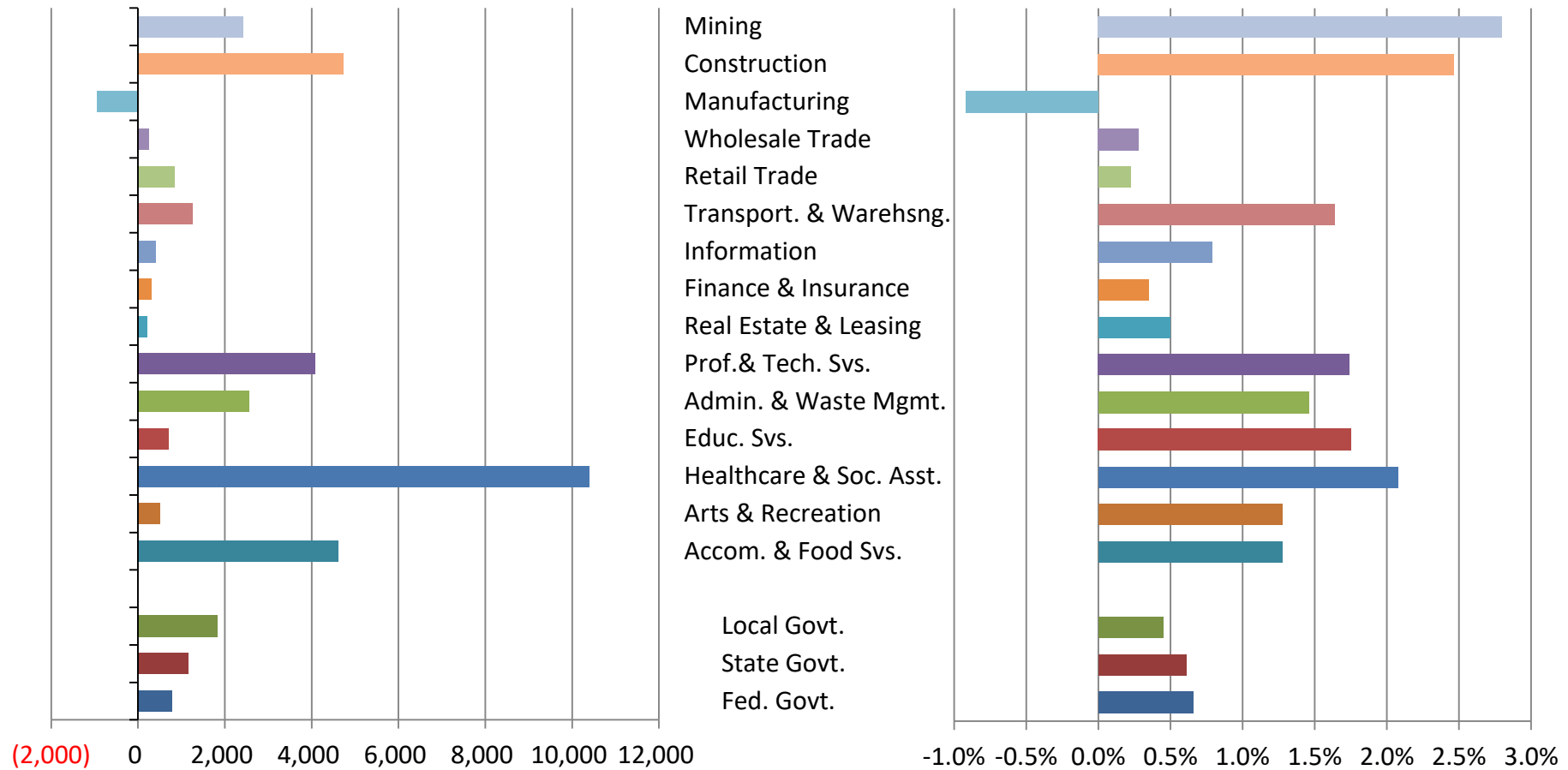
Source: BBER, FOR-UNM Quarterly Forecast, January 2018 and October 2017

# Job Growth by Sector



Source: BBER FOR-UNM Quarterly Forecast, January 2018

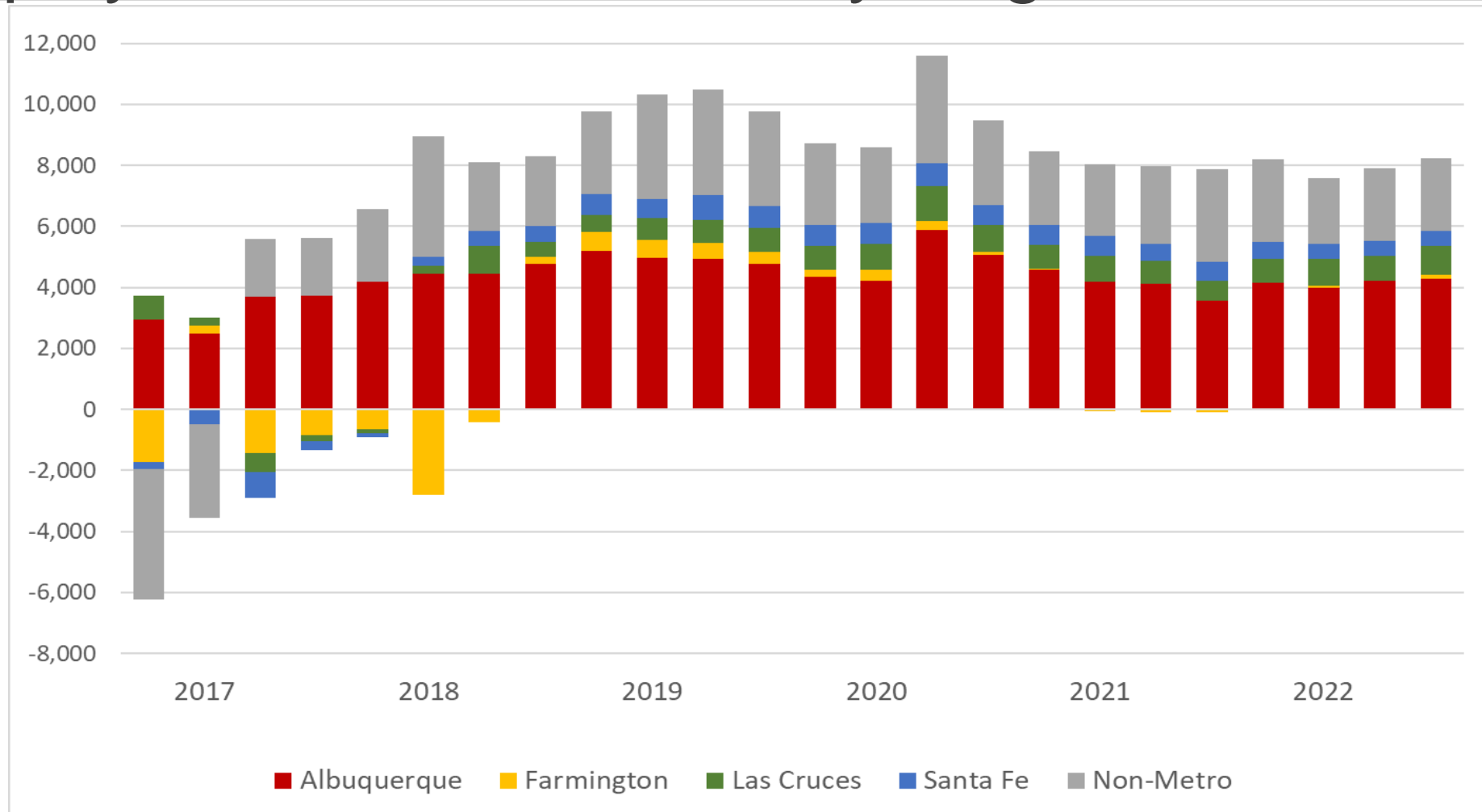
# Annual Job Growth by Sector, 2019-2022



Source: BBER FOR-UNM Quarterly Forecast, January 2018



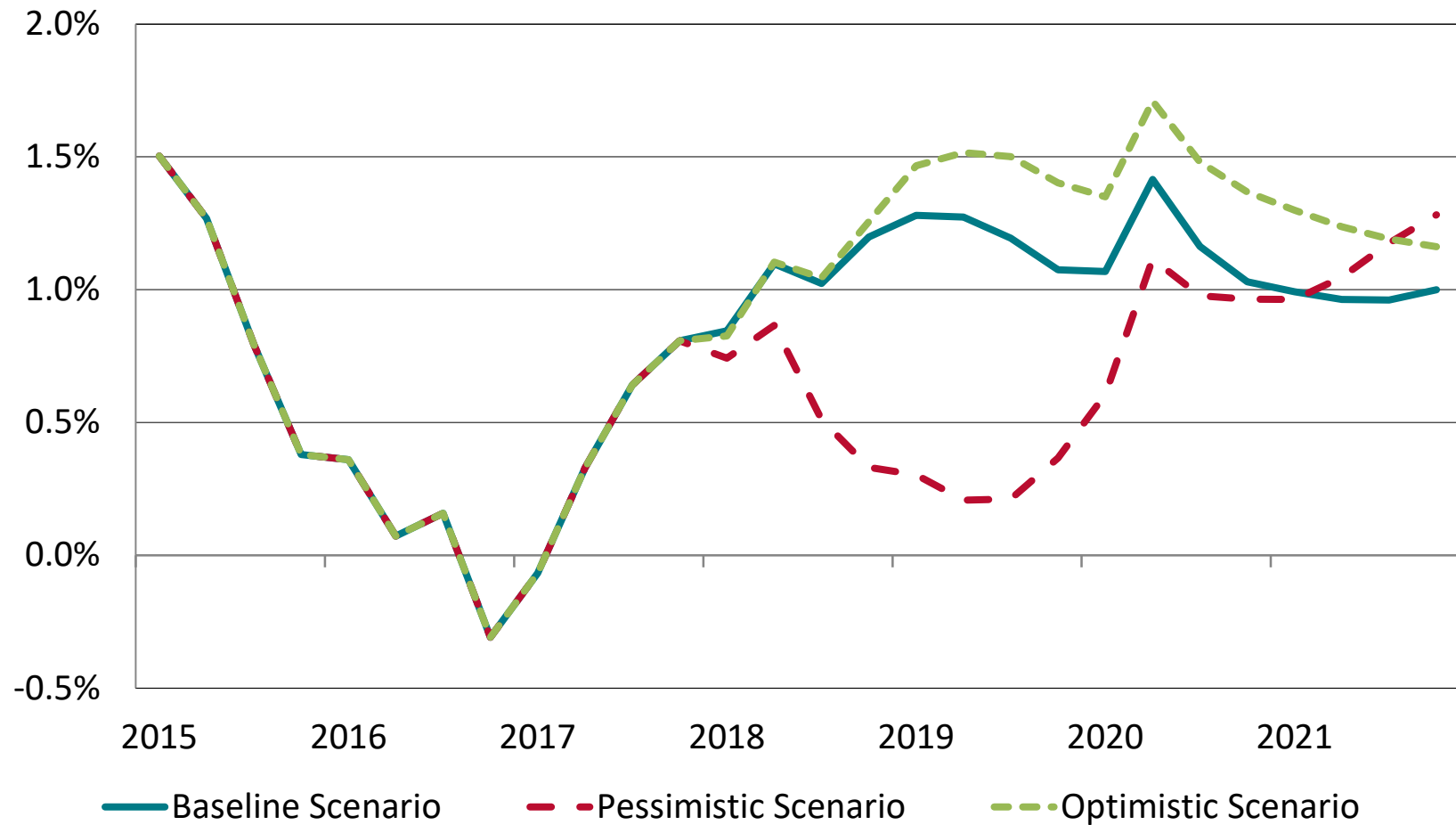
# Employment Gains/Losses by Region, 2017-2022



Source: BBER FOR-UNM Quarterly Forecast, January 2018

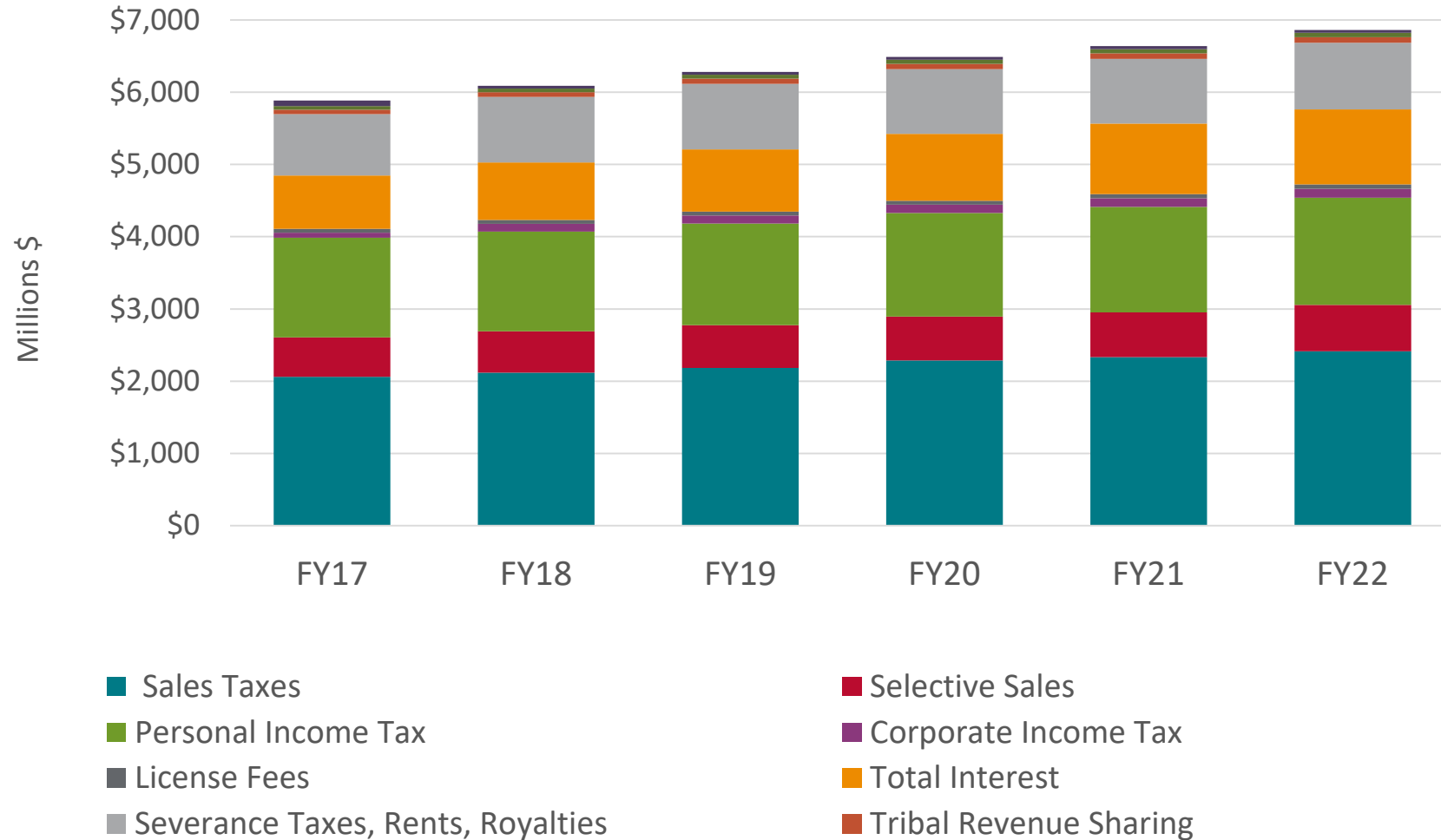


# NM Employment Forecast, Alternative Scenarios



Source: BBER FOR-UNM Quarterly Forecast, January 2018

# General Fund Consensus Revenue Estimates, Dec. 2017



Source: BBER FOR-UNM Quarterly Forecast, January 2018



# BUREAU OF BUSINESS & ECONOMIC RESEARCH



ECONOMIC FORECAST



DATA DASHBOARDS



RESEARCH

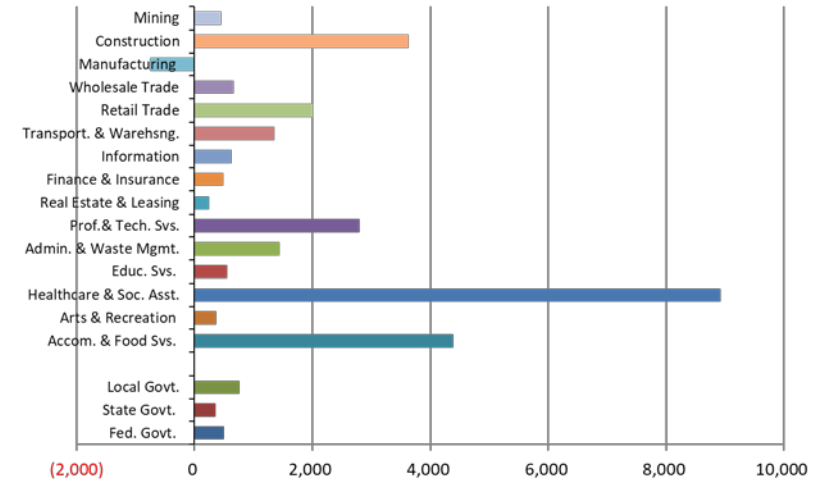


DATA BANK

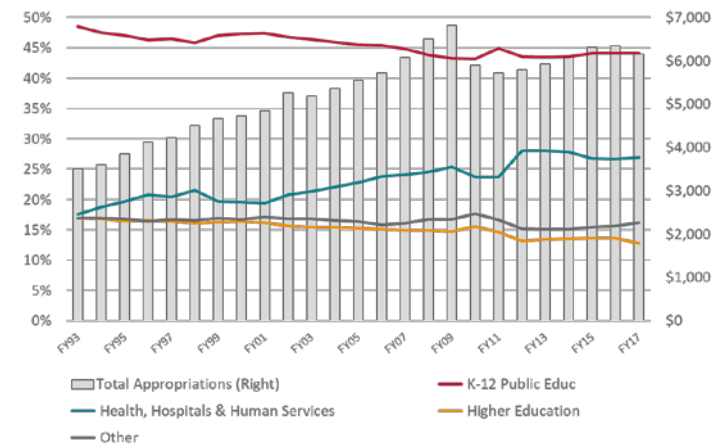
# FOR-UNM Economic Forecast

BBER's New Mexico economic forecast is used to guide decision making and budget planning processes.

- Used by NM's State government for revenue projections.
- Covers employment, income, education services, and industry-specific indicators.
- Provides national, regional and metropolitan levels of detail.
- Quarterly meetings with opportunities to engage with private and public sector leaders.
- Forecast and analysis narrative and electronic data access.
- Subscription level options.



Employment Projections by Industry



State Funding Appropriations



# Data Dashboards

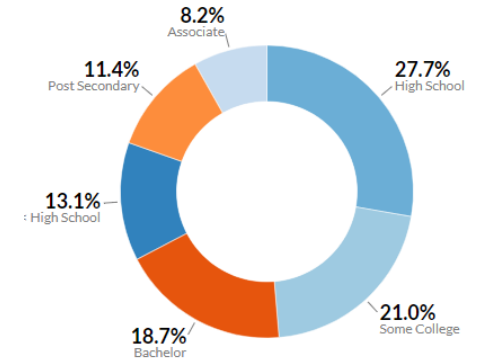
BBER's Data Dashboards tell your story.

- Customized
- Up-to-date
- Reliable
- Documented
- Informative
- Web-based subscription

City of Santa Fe Population

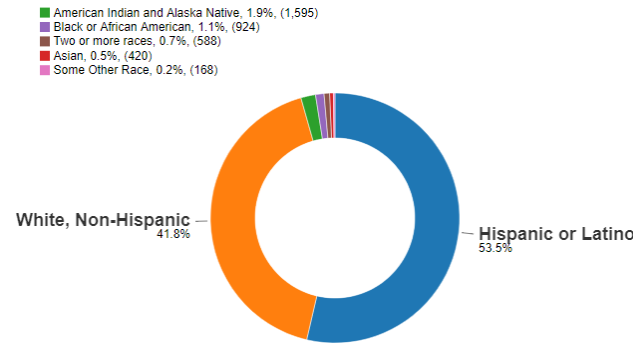
# 83,875

Most recent Census Estimate as of July 1, 2016

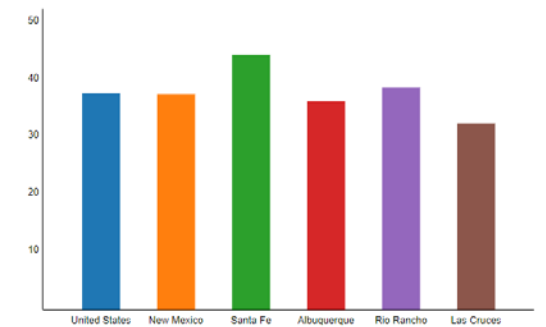


Education

Population Counts/  
Projections



Population by  
Ethnicity



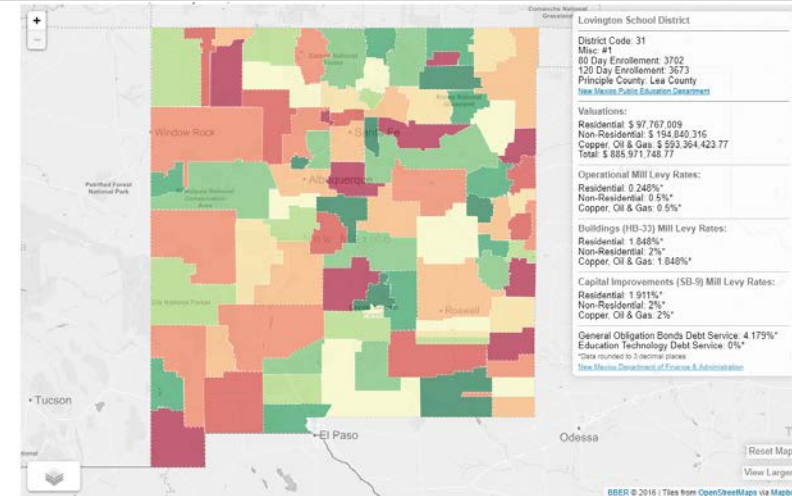
Median Age



# Research

BBER's Research applies an understanding of global and national trends to address the needs New Mexico.

- Backed by UNM's research resources.
- Authoritative, objective and non-partisan.
- Supports decision-making.
- PhD and Masters level researchers who know New Mexico's institutions and history.



**Mill Levy Rates and School Enrollment**

## An Assessment of New Mexico's Public School Capital Outlay Funding Formula

State	State Funding (fixed/variable)	Determinants of state funding level	State funding level	
			Min	Max
Arizona	fixed	Guaranteed \$ amount per student. If local tax base insufficient to fund, balance is provided by state.		
Colorado	variable	Assessed property value Median household income Enrollment Mill levy Percent of students eligible for free/reduced-cost lunch Bond election effort & success over last 10 yrs Remaining available bonding capacity Unreserved fund balance (charter schools only) Annual budget (charter schools only)		
Nevada	none			
Texas	variable	Property value Enrollment Annual debt service		
Utah	variable	Property tax yield Enrollment		

**Capital Outlay Funding in Other States**

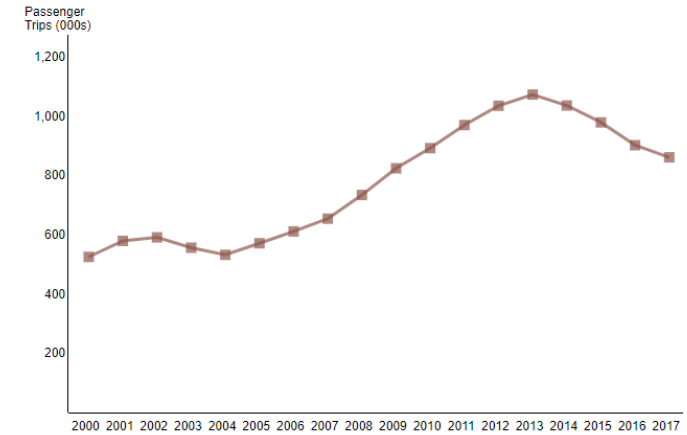




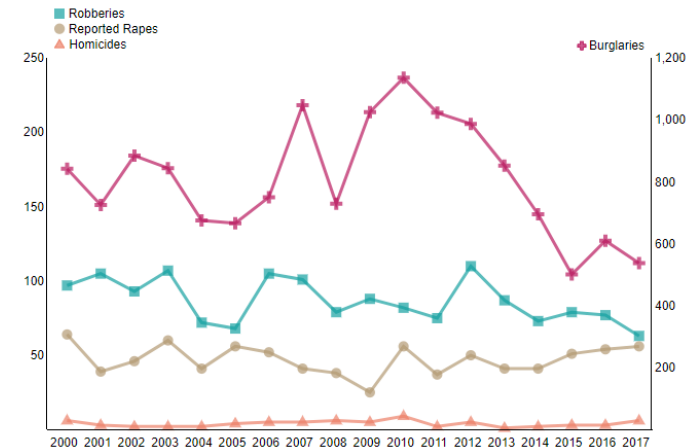
# Data Bank

BBER's Data Bank supports New Mexico Economic Forecast (FOR-UNM), Data Dashboard and Research services.

- New Mexico's lead agency for U.S. Census Bureau's State Data Center Program.
- Data Bank knows where data comes from, what it means and where it can go wrong.
- State of art technology to collect, manage and disseminate accurate data.



Methods of Transportation



Crime Statistics



# Issues We Track

Economic Development

Public Finance

Income

Population Projections

Tax Districts

Housing Permits and Land Use

Transportation

Arts and Culture Industries

Demography and Migration

Workforce Needs

# Additional Services

Data Curation

Survey Research

Economic Forecasting

Economic Impact Analysis

Fiscal Impact Analysis

Feasibility Analysis

Cost-Benefit Analysis

Market Research

Labor Market Research

Program Evaluation

# CONTACT US TODAY

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SOCIAL MEDIA: [@UNMBBER](https://www.instagram.com/unmbber)

“BBER is the most credible and independent source of economic data and analysis in New Mexico. Our company has a membership with BBER so that we have limitless access to information that analyses the current state of the economy in or state such that we can make informed business decision on where to focus our attention and manage our business.”

-Norm Becker, President + CEO,  
New Mexico Mutual

“UNM-BBER has been an invaluable partner with New Mexico MainStreet and Arts & Cultural District organizations. They set a firm economic foundation from which our affiliated communities can transform their local economy and the priority economic development project for implementation to move their vision to reality.”

-Rich Williams, Director, New  
Mexico MainStreet

“BBER was really helpful and knowledgeable in working with the City of Santa Fe to create a data dashboard that appears on the city’s home page. If you’re a proponent of transparency and believe key data should be available to everyone, a data dashboard is the way to go. BBER has the tools and know-how to get it done.”

-Reed Liming, Division Director,  
Long Range Planning,  
City of Santa Fe

“Trustworthy, unbiased market research based on accurate data and analytics is the only way for business owners to see where they’re going. New Mexico is fortunate to have the University of New Mexico Bureau of Business and Economic Research or BBER.”

-Santa Fe New Mexican