

2009

State of New Mexico

WORKFORCE *Report*



NEW MEXICO DEPARTMENT OF WORKFORCE SOLUTIONS





**State of New Mexico
Workforce Report 2009**

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February 2009

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The State of the Workforce Report is a planning resource that was first produced by the Economic Research and Analysis Bureau of the New Mexico Department of Labor in the fall of 2003. Most of the data and findings were later updated for this version of the report to reflect the most current information available as of early January 2009. The most notable revision is the inclusion of annual statewide projections data. All of the trends and analyses were verified and new observations duly noted.

The 2009 update comes at a challenging time for New Mexico. Job growth has steadily declined since peaking at 3.5 percent in June 2006. As 2008 drew to a close, job growth declined to just 0.1 percent by October. In other words, between October 2007 and October 2008, New Mexico only added about 1,000 jobs, far short of gains in the range of 10,000 to 20,000 jobs that the state had enjoyed in previous years. Even with very modest growth, New Mexico continues to perform better than most other states and the nation as a whole. Nationally, job losses were reported for most of 2008.

It is likely that greater economic challenges are ahead. While New Mexico was able to withstand the national recession that began in 2001 and ended in 2002, recent forecasts suggest that the current national recession may be deeper and last longer. New Mexico should fair better than most other states during 2009, although most forecasts show New Mexico going into recession and posting sustained net job losses.

The effects of economic development efforts to attract new businesses can already be seen in the state. Within the near term horizon are hundreds of additional jobs in photovoltaic manufacturing, business support, scientific research and development, and even space travel.

In many parts of the state new jobs are still being added to the economy. On the other hand, persistent problems remain in many rural areas of the state. Additionally, there are also longstanding "quality" concerns about the jobs that we have. Roughly 70 percent of jobs in New Mexico do not require post-secondary education.

This report looks at the character of the New Mexico work force and its strengths and weaknesses. The report examines current workforce supply, future workforce supply, and the future workforce demand.



s u m m a r y a n d f i n d i n g s

Current Workforce Supply

According to the 2007 Census estimates, New Mexico's population was 1.97 million people which represents a growth rate of 8.3 percent between 2000 and 2007. New Mexico was the sixteenth fastest growing state in the country between 2000 and 2007. Each of the three Workforce Investment Act (WIA) regions containing a large population nucleus or MSA experienced a higher rate of growth than the one region without an MSA.

Like most western states, New Mexico is a relatively young state with a median age of 35.2 years old, compared to a national average of 36.4 years. As the nation's population ages, businesses will be locked in competition with other firms locally, nationally, and even globally, looking for the next generation of workers.

Compared to our neighboring states, New Mexico can be considered a rural state. The population density is less than 16 persons per square mile compared to an average of 54 persons for the neighboring states.

Job growth is a primary indicator of the health of a state's economy. The rate of over-the-year job growth, comparing October 2008 with October 2007, was only 0.1 percent, which ranked in the upper-middle tier of all states. While New Mexico added just 1,000 jobs over the last year, the state still had the eighteenth highest job growth in the country. Historically, New Mexico's job growth has been 13.7 percent over a ten-year period. Employment growth across New Mexico and in the Workforce Investment Act regions has continued to post positive gains over the past ten years. Between 2006 and 2007, the state's labor force growth rate was 1.3 percent, adding about 11,000 jobs over the year.

Average Population Density of Neighboring States



56 persons per square mile

New Mexico Population Density



Less than 16 persons per square mile.

The Southwestern WIA area posted the largest gains with a growth rate of almost 22 percent. The Eastern WIA area experienced the largest growth rate (1.6%) from 2006 to 2007. While New Mexico's current economy is weak, the national economy appears to be even weaker.

Industry sectors can be characterized as either goods-producing sectors or service-providing sectors. The majority of jobs in New Mexico are in the service-providing industries. Government employment makes up about 24 percent of all employment. The concentration of services employment in New Mexico is typical of the nation as a whole, while the proportion of government jobs in New Mexico is higher because of the presence of two national defense laboratories and three large Air Force bases.

According to the U.S. Census Bureau, a number of New Mexicans have a job (or jobs) and still fall below the federal guidelines for poverty due to low-paying employment and dependent expenses. In 2007, 1.7 percent of full-time workers in New Mexico were in this category.

New Mexico's unemployment rate was 4.4 percent in October 2008, up from 3.1 percent a year ago. The October 2007 unemployment rate was the lowest the state's unemployment had been since the current series began in 1976. By comparison, in October 2008 the national unemployment rate was 6.5 percent. A separate unemployment report will be attached highlighting all of 2008. The Eastern WIA area had the lowest annual unemployment rate of 3 percent; the Northern WIA area and Central WIA areas tied with 3.5 percent, and the

Southwestern WIA area had the highest rate at 4.3 percent, still below the national rate. Each of the four MSAs had an annual unemployment rate below the national rate as well. Following the national trend, New Mexico is losing goods-producing jobs at a 2-to-1 ratio to service-providing jobs. From the third quarter of 2007 through the second quarter of 2008, over half of the layoffs can be attributed to changes in technology and seasonal events, including separations in school systems for summer breaks.

Future Workforce Supply

The proportion of individuals with a bachelor's degree aged 25 and above is another key indicator of the preparedness level of the workforce. Also



important is the number of high school graduates. In New Mexico, the proportion of residents with a high school diploma was 28.7 percent, up from 27.7 percent in 2006. The percentage of individuals with a bachelor's degree or higher was 24.8 percent, down slightly from 25.3 percent in 2006. New Mexico has a high proportion of residents with graduate or professional degrees (10.2%) due in part to the national labs, technical universities and high-tech industries.

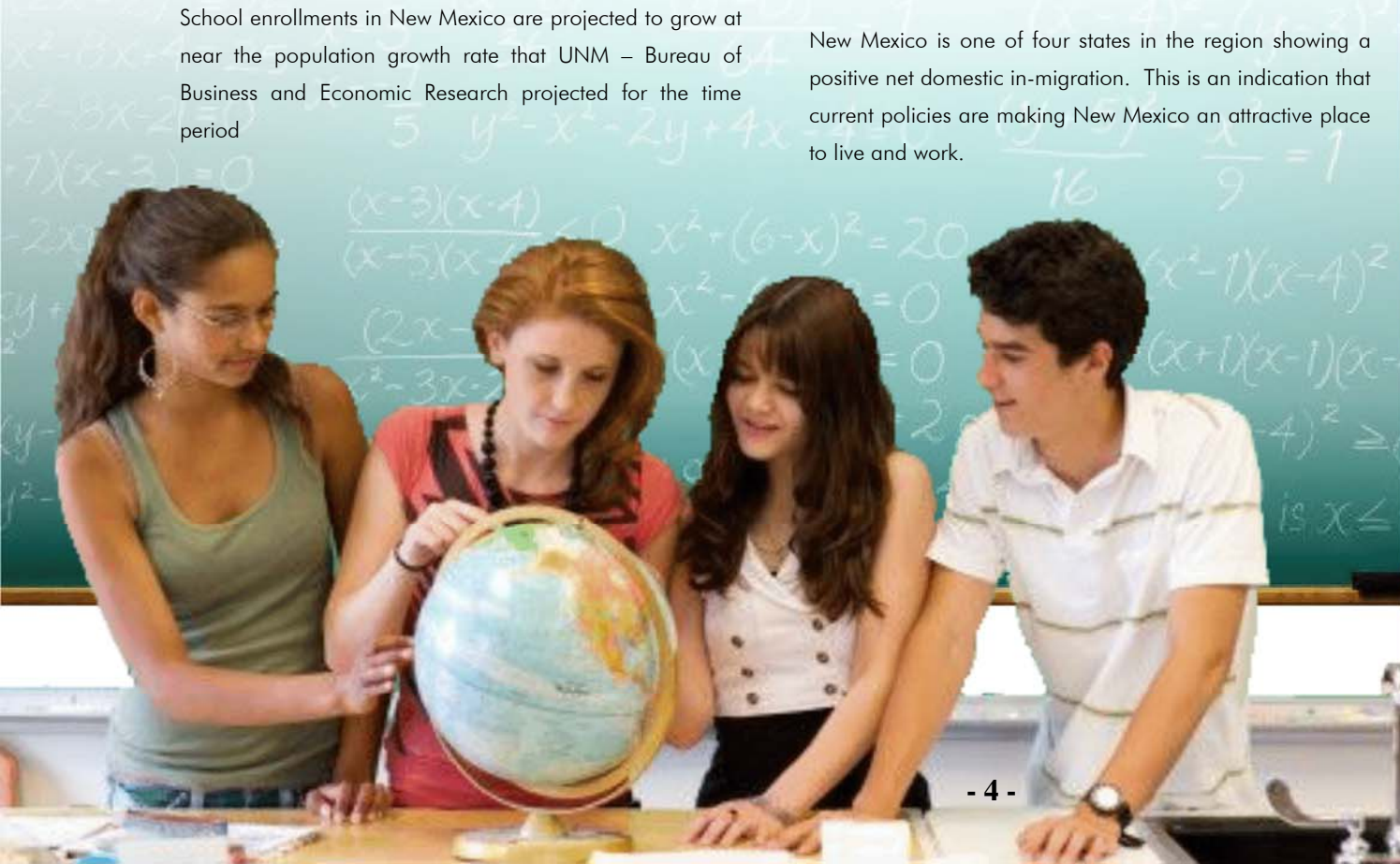
School enrollments in New Mexico are projected to grow at near the population growth rate that UNM – Bureau of Business and Economic Research projected for the time period

2004-2017. In rural communities the decline in the number of people aged 18 years and under will likely lead to declining enrollments in public schools.

The U.S. Department of Education projects New Mexico will have a lower percentage of public school graduates than the rest of the nation through 2017. It is important to correct this as graduation from high school is seen as a minimum requirement for further education and training.

New Mexico is one of four states in the region showing a positive net domestic in-migration. This is an indication that current policies are making New Mexico an attractive place to live and work.

New Mexico is preparing the future workforce by partnering with public and private entities in the New Mexico Workforce Innovation in Regional Economic Development (WIRED) Initiative. The goals of this project are significant - to stimulate entrepreneurship, to advance the development of the technical workforce, and to create a public policy environment that supports and rewards innovation. NM WIRED is a federally funded, comprehensive effort that brings together businesses, national laboratories, investors, economic developers, educational institutions, workforce development and advocacy organizations, and government officials. Together, these organizations are charting a new direction for New Mexico by ensuring that all New Mexicans are receiving a top-notch education, first-class workforce training, and access to high-quality green manufacturing employment opportunities.



future workforce demand

Each year, the research staff with New Mexico Department of Workforce Solutions projects employment growth for ten years into the future. Between 2007 and 2017, businesses are projected to add about 119,000 jobs to the New Mexico economy. Even considering the current economic downturn, the goods-producing sector (adding 9,400 jobs), and the service-providing sector (up about 109,000 jobs) are each expected to post significant job growth through 2017. Industry projections are based on actual activity (“when dirt is turned”) and do not take into account speculation or news reports.

Industry Projections

Construction employment growth is projected to moderate and manage a growth rate of about 14 percent by the out-years of the 2007-2017 projection horizon. The manufacturing industry is expected to shed about 1,200 jobs as advances in automation and lower demand for goods reduces the need for labor. The mining sector (other than oil & gas) is showing

signs of resurgence, with activity in northern, southern, southwestern, and west-central parts of the state. This sector is projected to add about 2,400 jobs, growing by 12.6 percent. Oil & gas extraction is projected to be a source of employment in the northwest and southeast corners of New Mexico.

Of the service-providing industries, health care & social assistance, followed by educational services, accommodations & food services, and retail trade, are projected to add the most employment through 2017. These four sectors alone are projected to add over 70,000 jobs to the New Mexico economy. Employment growth in real estate, management of companies, and utilities should remain fairly flat to through 2017. Moderate growth is expected in the remaining sectors.

Occupational Projections

The 2007-2017 projections models indicate that each occupational category is expected to have positive growth through

Growth Industries in New Mexico



Mining



Construction



Oil & Gas



Manufacturing



Fastest Growing Occupational Categories in New Mexico

1. Personal Care
2. Healthcare Support
3. Education
4. Community Social Services
5. Protective Service

the projection period. Ten of the twenty-one occupational categories are projected to grow at a greater rate than the 13.4 percent overall rate. Personal care occupations are expected to experience the fastest growth rate, 29.4 percent, followed by healthcare support, education, community & social services, and protective services, each growing at over 20 percent through 2017. Food preparation and education occupations are expected to account for most of the employment growth, adding over 30,000 jobs combined. The largest occupational

categories, administrative & support services and sales, are projected to add nearly 20,000 jobs by 2017.

Many of the occupations with large concentrations of employment require only basic education.

For example, only short-term on-the-job training is required for such occupations as retail salespersons, cashiers, and waiters and waitresses. On the other hand, the general & operations manager occupation, with employment of about 11,000 in 2007, requires a bachelor's degree plus work

experience. Registered nurses are another occupation requiring more education, with a bachelor's degree required. There were about 12,300 registered nurses working in New Mexico in 2007.

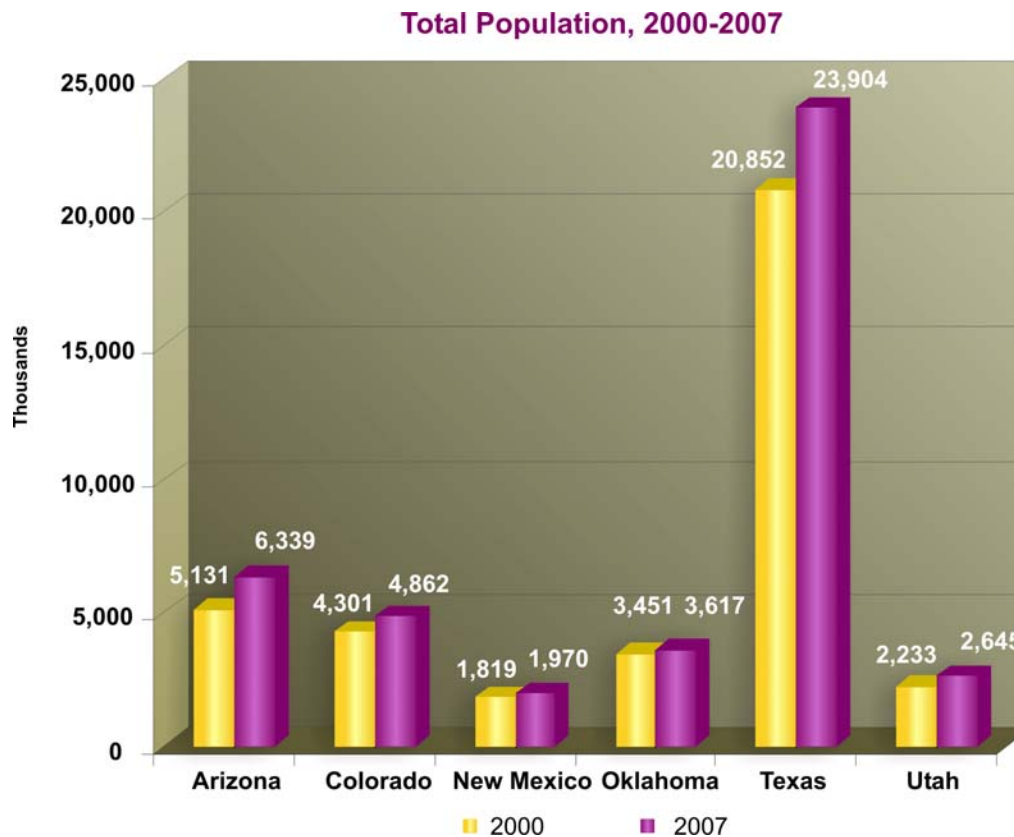
In 2007, 70.8 percent of the jobs existing in New Mexico required a high school diploma to long-term on-the-job training, with 8.3 percent requiring an associate's degree or post-secondary education. The remaining 20.9 percent of the jobs in New Mexico required a higher education degree.



c u r r e n t w o r k f o r c e s u p p l y

Regional State Populations 2000 – 2007

There is an established link between population and employment growth. Population growth occurs when jobs are available, and likewise, jobs are created when there is an availability of low-cost labor resulting from a growing population. New Mexico has averaged about 2.5 percent annual population growth since 1970. Assuming the rate remains fairly constant, the state’s population in 2017 is expected to be about 2,462,500. Future workforce demand is covered in a later section of this report; however, the 2007-2017 employment projections indicate the job growth to be near 1.4 percent per year through this period. Barring any unforeseen changes to the economy, New Mexico is in position to meet the workforce demand of 1,011,000 (includes self-employed) by 2017.



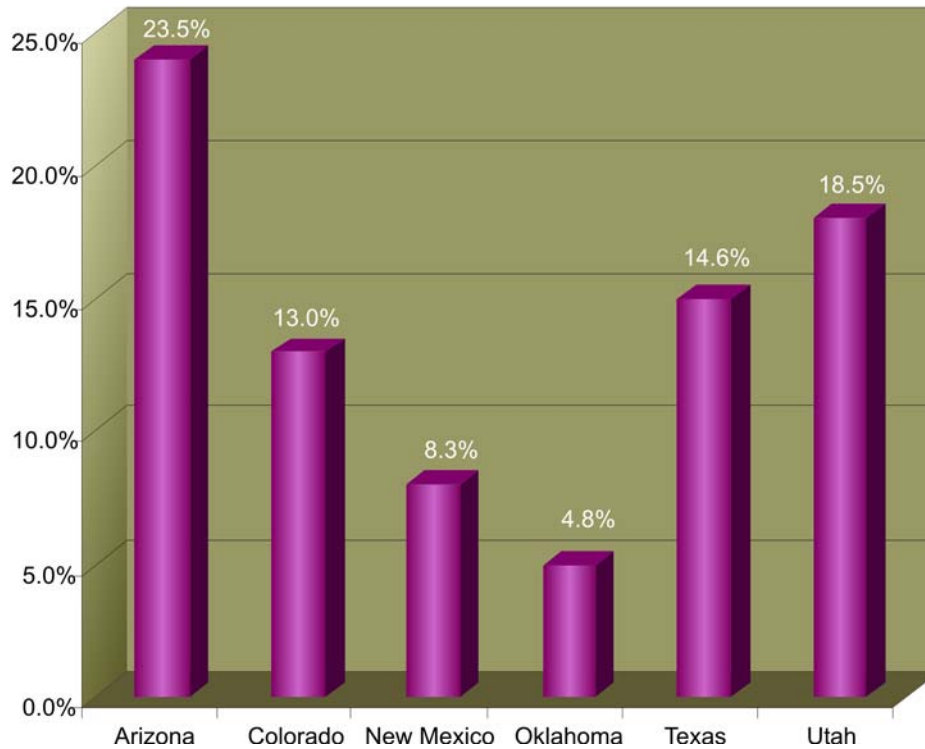
Source: U.S. Census Bureau, American Community Survey, 2007.

2,462,500

New Mexico’s expected population in 2017.

r a t e o f p o p u l a t i o n g r o w t h

Percent Population Change, 2000-2007



Source: U.S. Census Bureau, American Community Survey, 2007.

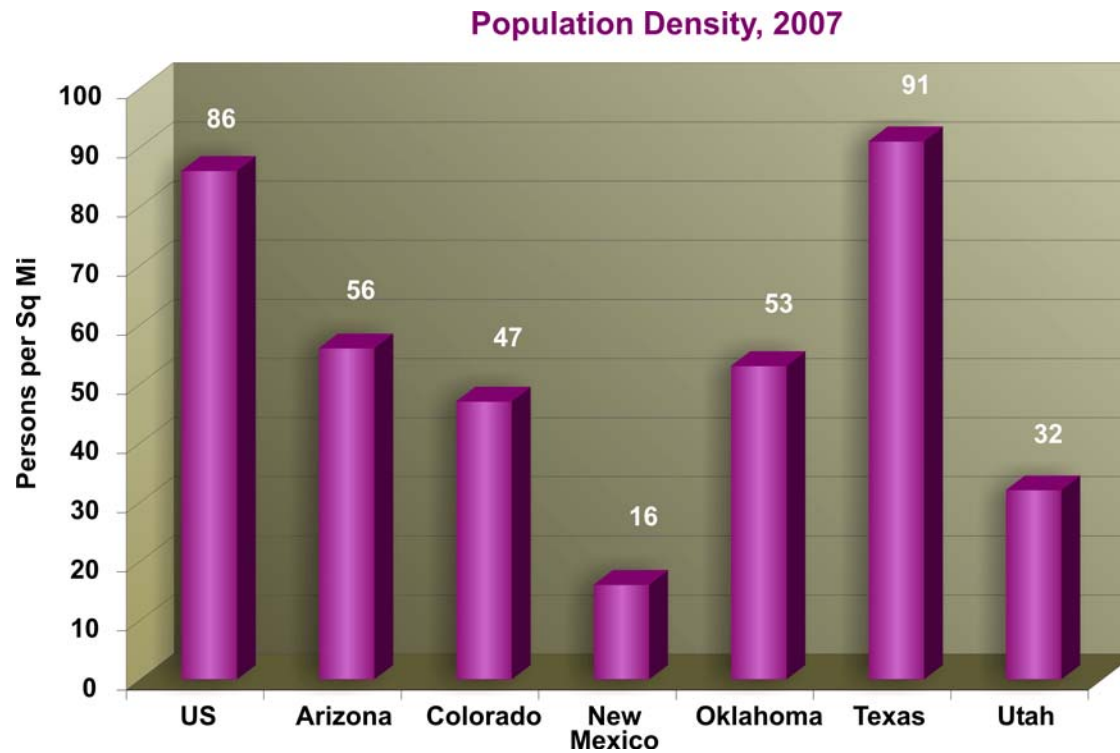
Some New Mexicans complain about the number of people coming here from other states or how crowded the state is becoming. In reality, in-migration is needed to help sustain the workforce. The net natural birthrate alone cannot support the demand of our growing economy. New Mexico must compete with larger states to attract new businesses and skilled workers. When it comes to evaluating the state of the workforce when making business decisions, New Mexico can boast of a relatively low-cost labor force. From the figures in the graph, it seems as though New Mexico has room to increase the population growth rate.

8.3%

New Mexico population change, 2000-2007.

New Mexico's open space

New Mexico is ranked 45th most densely populated state in the country. While it appears as though New Mexico has an ample supply of land, the reality is that most of the state's land is owned by the federal government or Native American tribes.

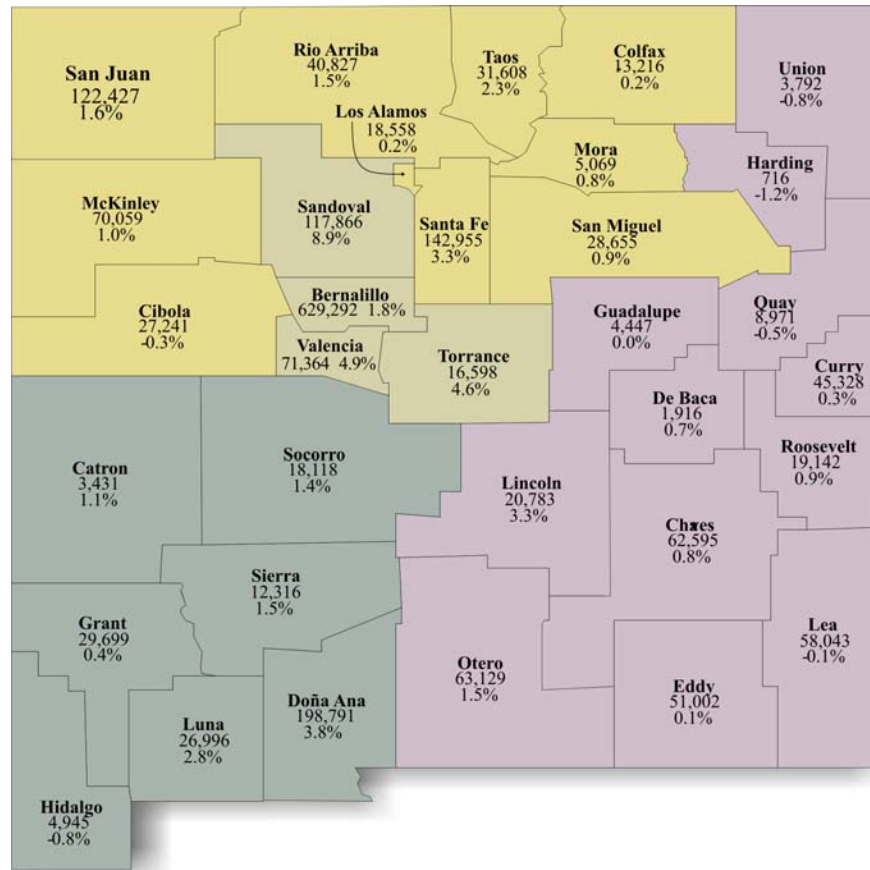


Source: U.S. Census Bureau, American Community Survey, 2007.

New Mexico population per square mile.

16

population growth by county



The map lists each county's 2007 population and 1981 to 2007 average annual growth rate. NMDWS selected 1981 to have a complete data set that includes Cibola County. As expected, the counties comprising the four MSAs are among the top 10 counties for population growth. Three of the four counties making up the Albuquerque MSA—Sandoval, Valencia, and Torrance—have been the fastest growing counties since 1981. Bernalillo County, the fourth county in the Albuquerque MSA, ranked ninth. Lincoln County ranked fifth, growing at an annual average rate of 3.3 percent. Two other counties, not associated with an MSA, were among the fastest growing counties. Luna County ranked seventh, growing at 2.8 percent per year since 1981. Taos County has grown by 2.3 percent per year. Six eastern New Mexico counties and two western counties are losing population to either urban areas of New Mexico or other states.

Source: U.S. Census Bureau, Annual Population Estimates, 2007.

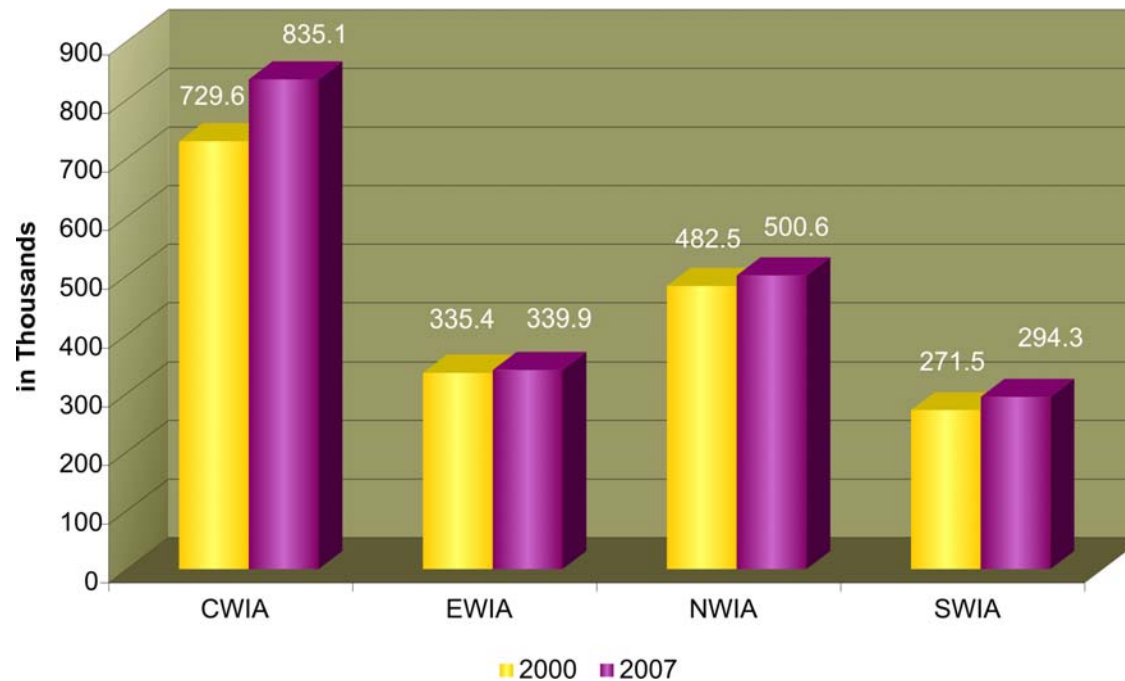
Sandoval County has the highest growth rate.

8.9%

population by WIA

From the graph below, NMDWS concluded that the areas containing a Metropolitan Statistical Area (MSA) experienced greater population increases than did the Workforce Investment Act (WIA) area that does not have an MSA within it. Since 2000, the Central WIA area (CWIA) grew by over 105,000 people. The Southwestern WIA area (SWIA) grew by nearly 23,000 due in part to growth in the Las Cruces MSA. Luna and Socorro counties also contributed to the growth in the SWIA. The Northern WIA area (NWIA) grew by over 18,000 people through 2007, mostly in Santa Fe and Taos counties and the tri-city area of the Farmington MSA. The Eastern WIA area (EWIA) grew the least during 2000-2007, adding about 4,500 people.

Population Change in WIAs, 2000-2007 (000)



Source: U.S. Census Bureau, Annual Population Estimates, 2007.

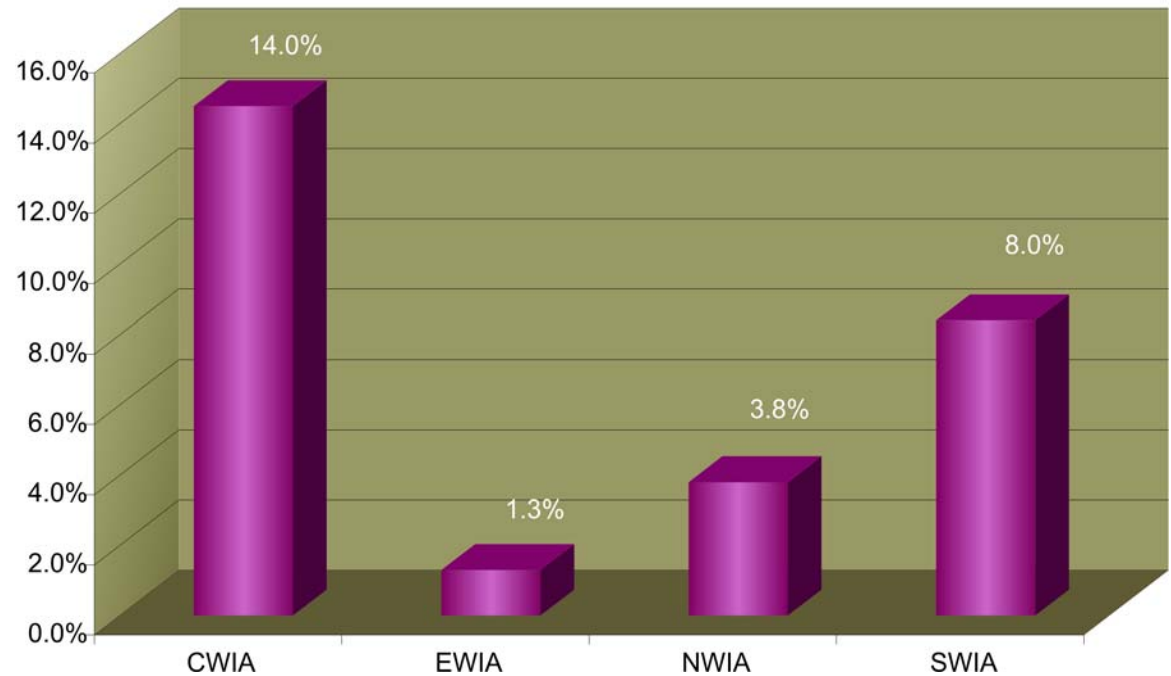
The largest population growth is in Central WIA.

105,000

r a t e o f g r o w t h i n W I A s

Growth in the Workforce Investment Act (WIA) areas followed closely with the growth of the urban centers in the MSAs. In the previous county population map, Sandoval County, in the CWIA, is shown to have an average annual growth rate of just below 9 percent, followed by Valencia at 4.9 percent and Torrance with a growth rate of 4.6 percent. In the SWIA, Doña Ana County's average annual growth rate is nearly 4 percent, followed by Luna County at 2.8 percent. Santa Fe (3.3%), Taos (2.3%), and San Juan (1.6%) counties led the growth in the NWIA. The rural lifestyle of the EWIA presents both challenges and opportunities. Lincoln County has grown in population by 3.3 percent annually, while Harding County is seeing its population decline 1.2 percent per year.

Population Growth Rates by WIA, 2000-2007



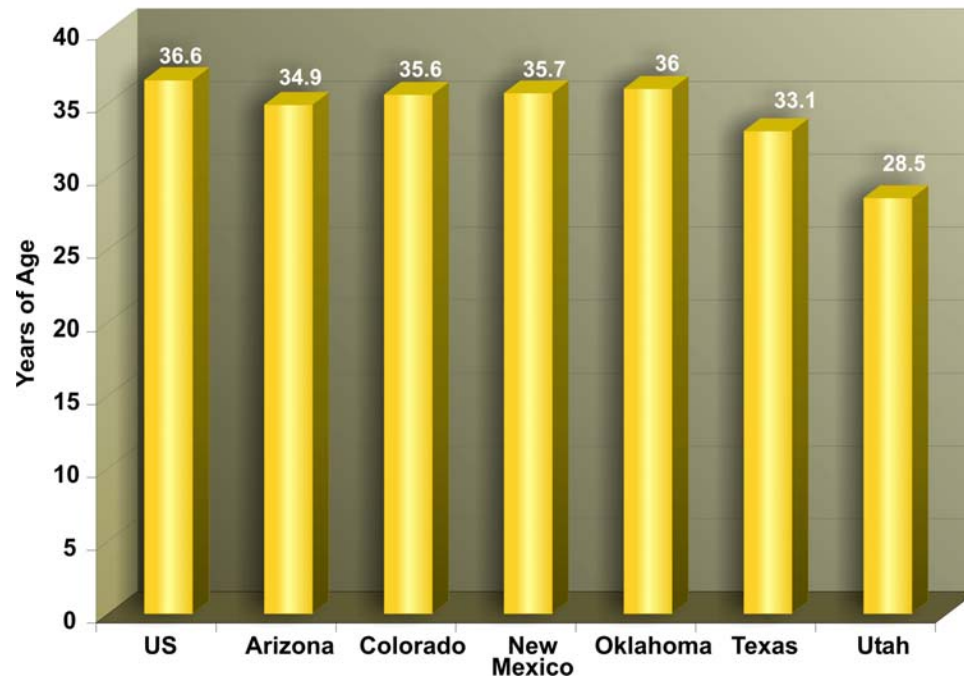
Source: U.S. Census Bureau, Annual Population Estimates, 2007.

The largest population growth rate is in Central WIA.

14.0%

m e d i a n a g e o f N e w M e x i c o ' s w o r k f o r c e

Median Age of Population, 2007



Source: U.S. Census Bureau, Annual Population Estimates, 2007.

¹ Manufacturers Begin Taking Steps To Attract Younger Work Force, 2/8/2005 - *The Daily Oklahoman* / Paul Monie.

While New Mexico's workforce is younger than the national average, it is one of the oldest in the region, as shown in the chart. One of the keys to growing business opportunities in New Mexico will be the state's ability to attract and retain a younger workforce. As the nation's population ages, businesses will be locked in competition with other firms locally, nationally, and even globally, looking for the next generation of workers. Serious worker shortages are already a reality in both the manufacturing sector and the healthcare and social assistance sector. The healthcare and social assistance sector faces worker shortages in highly skilled occupations such as registered nurses and physicians, which are only partially mitigated by importing workers from other countries. The decline in U.S. manufacturing has perhaps caused concern for job seekers, deterring some from pursuing careers in the sector. Manufacturers fear that as baby-boomers retire, there may not be enough skilled workers to replace them, according to the National Association of Manufacturers. Worker shortages could reach as high as 13 million to 15 million by 2020 in the U.S.¹

Not only will businesses be forced to compete for workers within their industry, they will also compete against businesses in higher-paying industries. Higher wages and career opportunities across all industries may prove to be necessary to attract and retain our best-educated, mission-oriented younger workers in New Mexico.

The average age of the workforce in New Mexico.

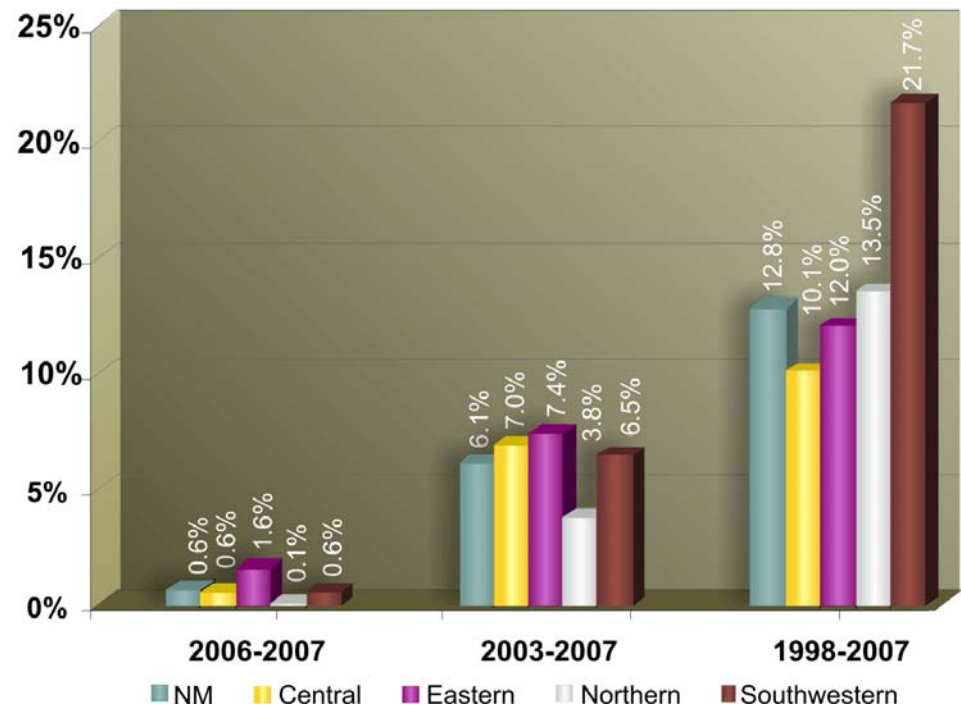
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statewide and WIA areas labor force growth rates

New Mexico and the Workforce Investment Act (WIA) regions have experienced substantial growth in the labor force over the past ten years. The state has almost 13 percent more jobs than a decade ago. Job growth has been moderate for most of the WIAs over the five- and ten-year horizons, with a large employment spike in the SWIA. While New Mexico's current economy is weak, the national economy appears to be even weaker.

Geographic detail provides an important indicator of the state's overall economic well-being. The New Mexico economy has proven capable of generating jobs for the influx of people entering the job market.

Percent Labor Force Change WIAs, 1998-2007



Source: NM Department of Workforce Solutions, based on Civilian Labor Force, Local Area Unemployment Statistics, 2008.

New job growth in New Mexico in the last 10 years.

13%

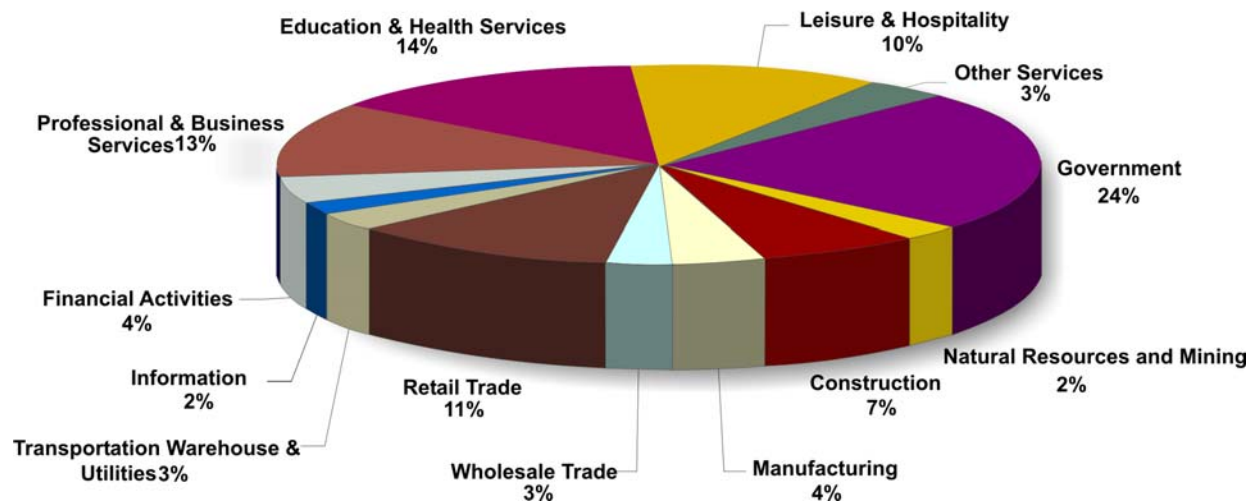
employment distribution by industry sector

In 2008, nearly one of every four jobs in New Mexico is in the government sector. In the private sector the two largest industries are education & health services and professional & business services, which account for 14 percent and 13 percent of the state's jobs, respectively. The retail and leisure & hospitality sectors follow as the next largest sources of jobs in New Mexico, with 11 percent and 10 percent, respectively. The goods-producing sector (natural resources, construction & manufacturing) and the service-providing sector (all others) have maintained a fairly constant level of employment. Over the past several years, goods-producing jobs

accounted for 13 percent of the employment and service-providing jobs at 87 percent of the total.

To the extent workforce policy-makers target entry-level workers, services and government industries offer many competitive advantages. While some service jobs are high paying, most are not and require minimal education and training. By developing strategies including diversification of the economy, the effects of an economic downturn can be softened.

Industry Distribution, September 2008



Source: NM Department of Workforce Solutions, Current Employment Statistics, September 2008.

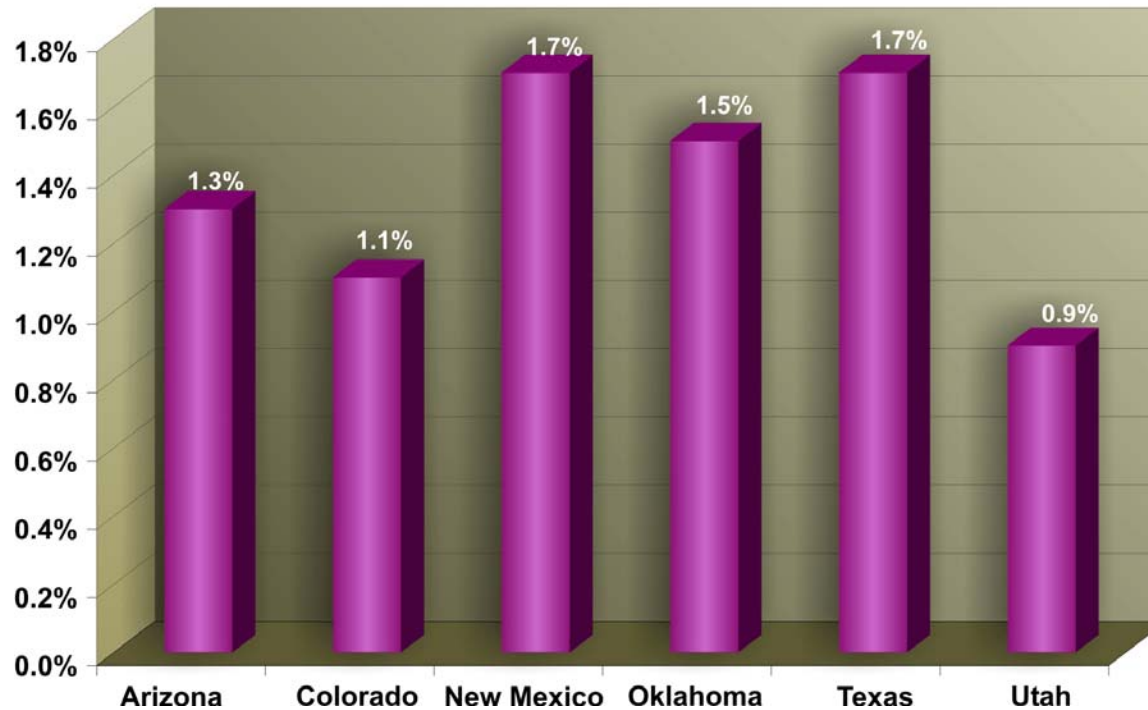
Nearly

1 of 4

jobs in New Mexico is in the government sector.

New Mexico labor force below poverty level

Percentage of Full-Time Workers Below Poverty Level, 2007



According to the U.S. Census Bureau, a number of New Mexicans have a job (or jobs) yet are below the federal guidelines for poverty due to low-paying employment and dependent expenses. In the United States, workers are considered below the poverty level if they are 16 years + who spent at least 27 weeks in the labor force (working or actively seeking), but whose incomes fell below the official poverty threshold. Workers with few transferable skills generally face low wages, substandard working conditions, and little opportunity to obtain the skills that would improve their economic situations. The 1.7 percent rate in New Mexico has been fairly consistent over the past several years.

A high rate of people living in poverty ultimately impacts many other indicators, such as education, employment, and income. To successfully recruit new business and foster business expansion, policy-makers must address the issues of poverty and breaking the cycle of poverty for future generations.

Source: U.S. Census Bureau, Table B17004, 2007.

1.7%

New Mexicans below the poverty level.

New Mexico's unemployment rate

New Mexico's annual average unemployment rate has been below the national rate for four of the past six years and preliminary data show this will also hold for 2008 as current policies continue to foster economic growth. Over the 2003-2007 period, New Mexico has improved its average unemployment rate ranking among all states from thirty-eighth lowest to eleventh.

While unemployment in New Mexico remains low by historical standards, it has begun to increase in 2008 amid slowing employment growth. Under performance in the construction and manufacturing sectors during 2007 and 2008 reflects short-term economic adjustment, and the long-term outlook is for a return to growth across these industries. Despite recent record high prices for crude oil and copper, mining employment growth has slowed substantially and is now virtually flat, reflecting current com-modities prices.

The service-providing sectors were hampered by the economic downturn in the latter half of 2007, yet

produced positive growth overall. The growing film industry helped offset losses in the telecommunications subsector, while transportation & warehousing and government employment growth remained positive.

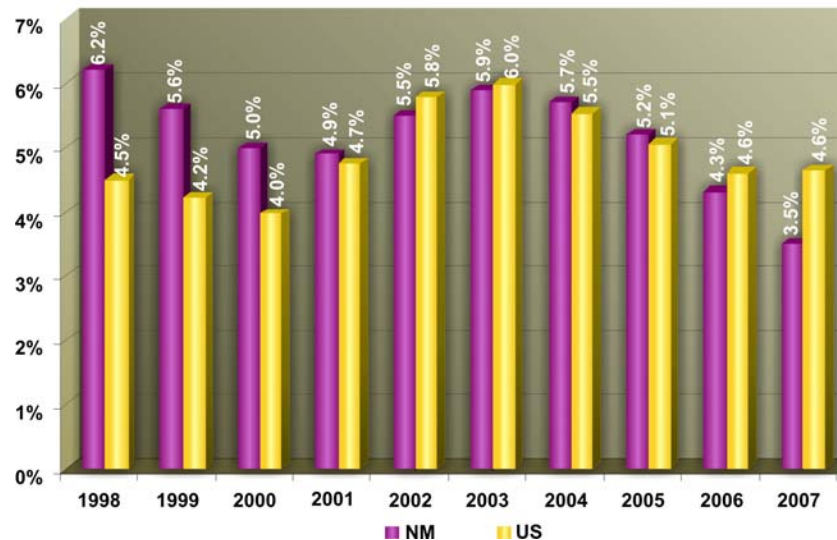
The unemployment figures for New Mexico are published by the Local Area Unemployment Statistics (LAUS) program, a federal-state cooperative effort

in which monthly labor force estimates are prepared for the state, the four workforce investment areas, the four MSAs, all counties, and cities of 25,000 population or more.

LAUS estimates are key indicators of local economic conditions. The U.S. Department of Labor's Bureau of Labor Statistics (BLS) is responsible for the concepts, definitions, technical procedures, validation, and publication of the estimates that State employment security agencies prepare under agreement with BLS.

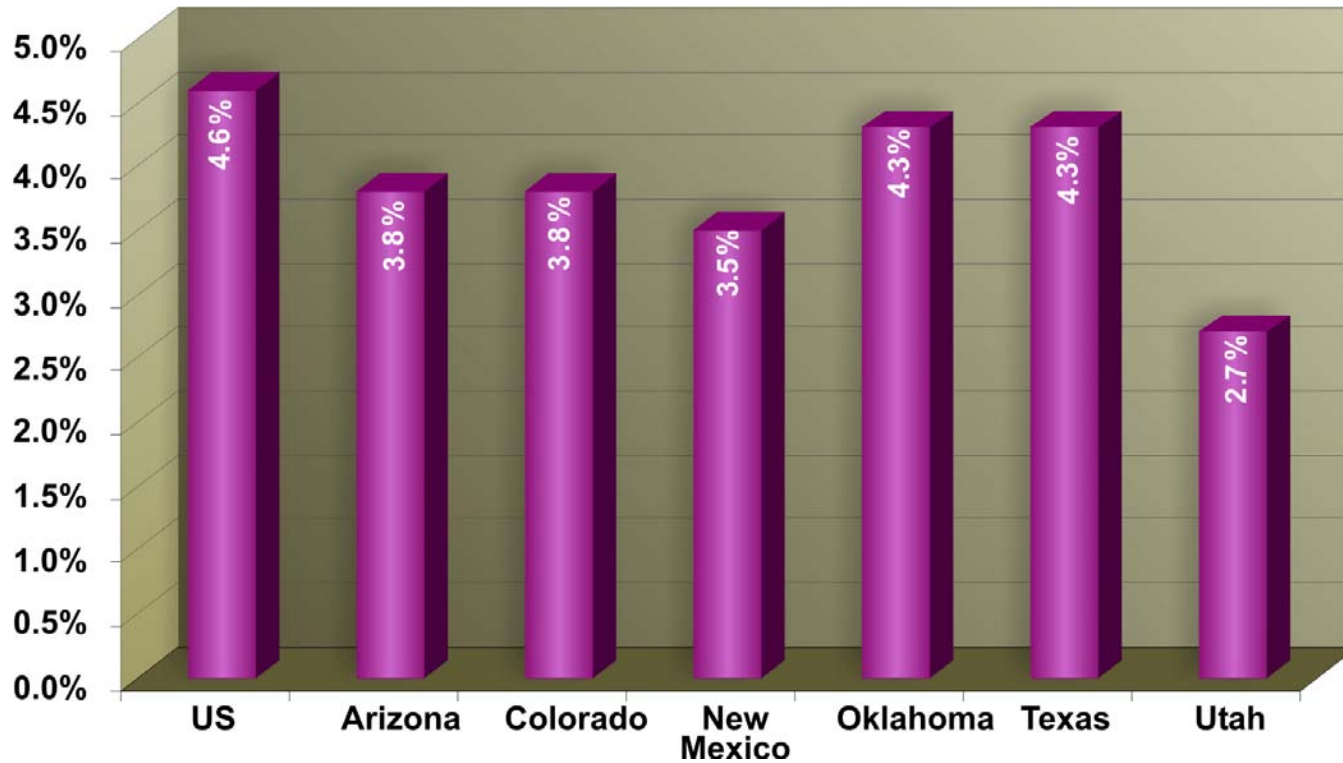
A wide variety of customers use these estimates. Federal programs use the data for allocations to states and areas, as well as eligibility determinations for assistance. State and local governments use the estimates for planning and budgetary purposes and to determine the need for local employment and training services. Private industry, researchers, the media, and other individuals use the data to assess localized labor market developments and make comparisons across areas.

US & NM Unemployment Rates, 1998-2007



In 2007, New Mexico's unemployment rate was lower than the rates posted by all but one of our neighboring states.

Regional Unemployment Rates, 2007



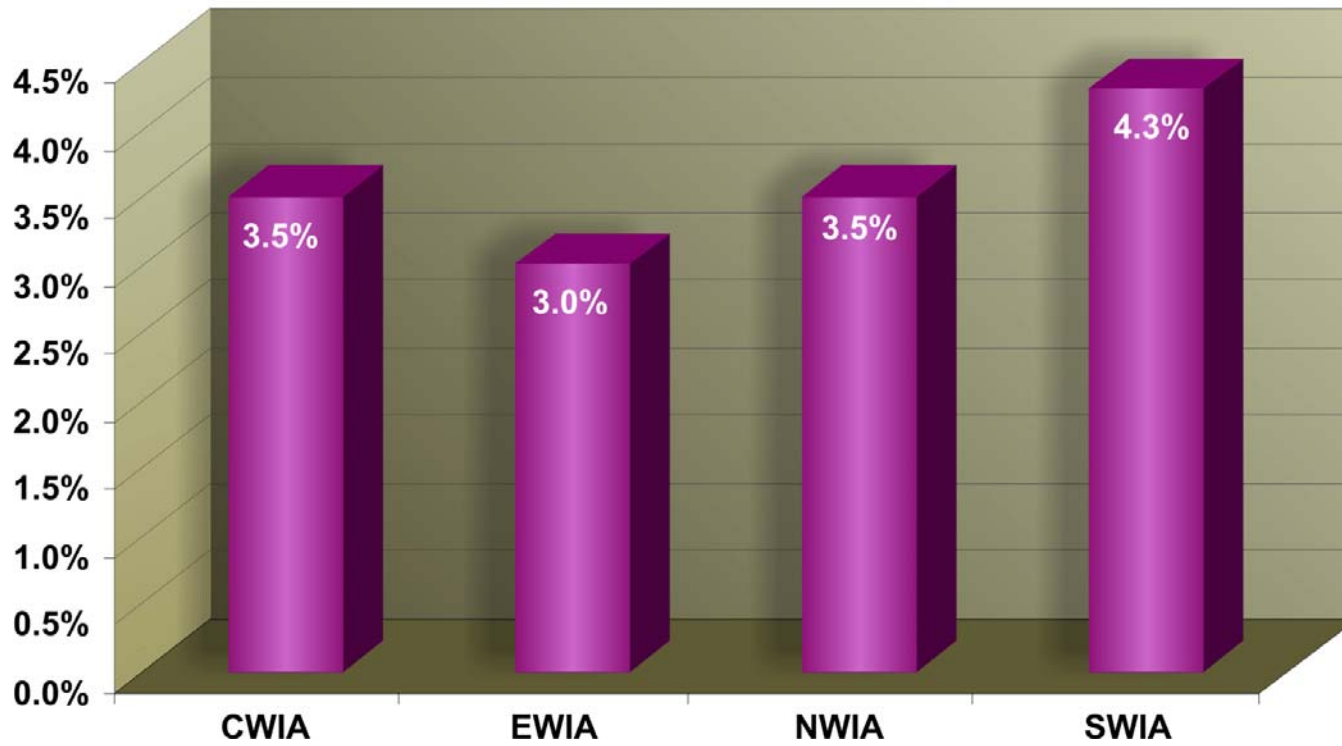
Source: Unemployment rates provided by NMDWS, Economic Research & Analysis Bureau, Local Area Unemployment Statistics (LAUS).

New Mexico's Unemployment Rate

3.5%

Unemployment rates in WIA regions are below the national unemployment rate.

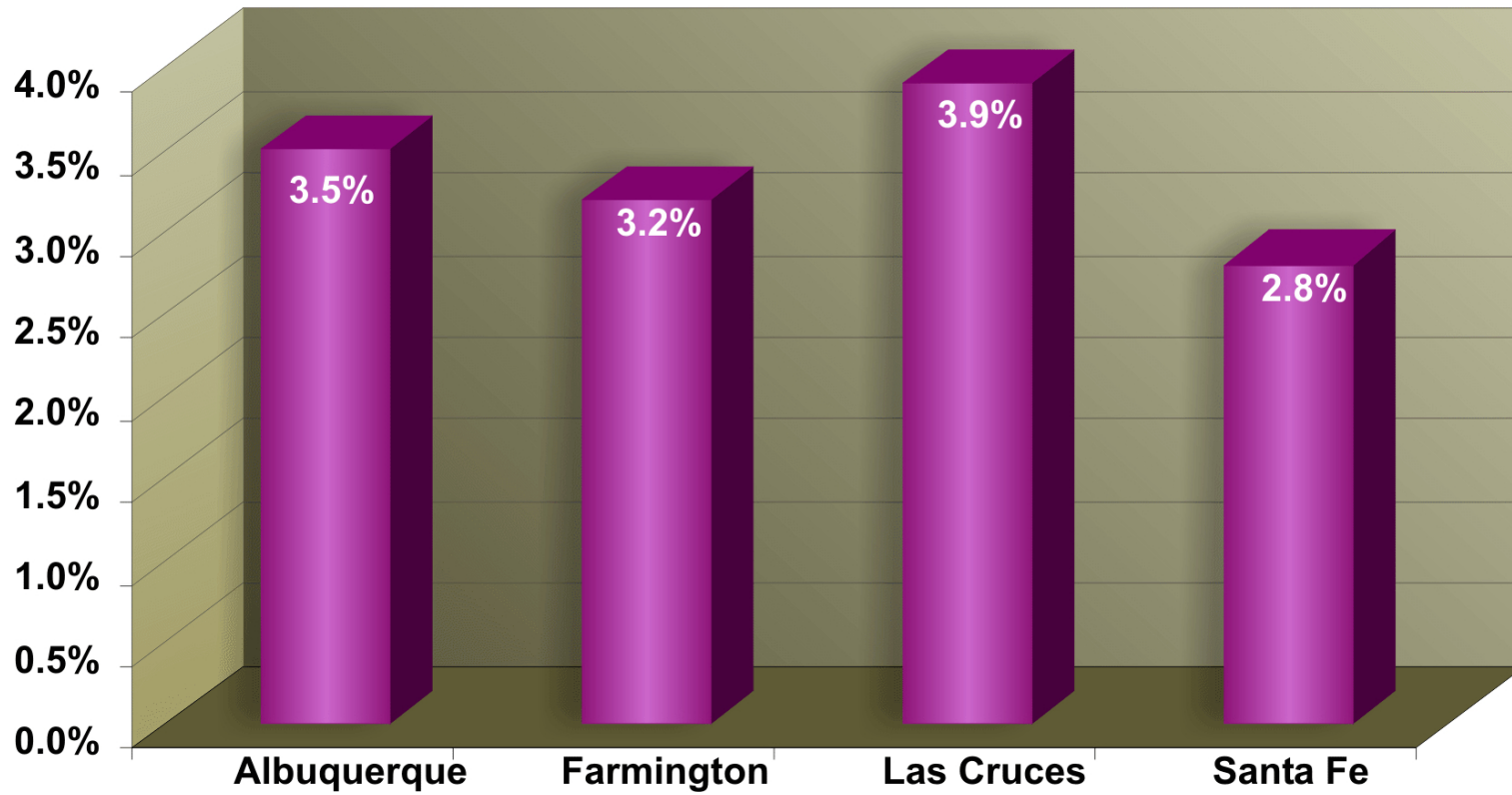
Unemployment Rates in WIA Regions, 2007



Source: Unemployment rates provided by NMDWS, Economic Research & Analysis Bureau, Local Area Unemployment Statistics (LAUS).

Each Metropolitan Statistical Area's unemployment rate is below the national unemployment rate.

MSA Unemployment Rates, 2007



Source: Unemployment rates provided by NMDWS, Economic Research & Analysis Bureau, Local Area Unemployment Statistics (LAUS).

mass layoff statistics

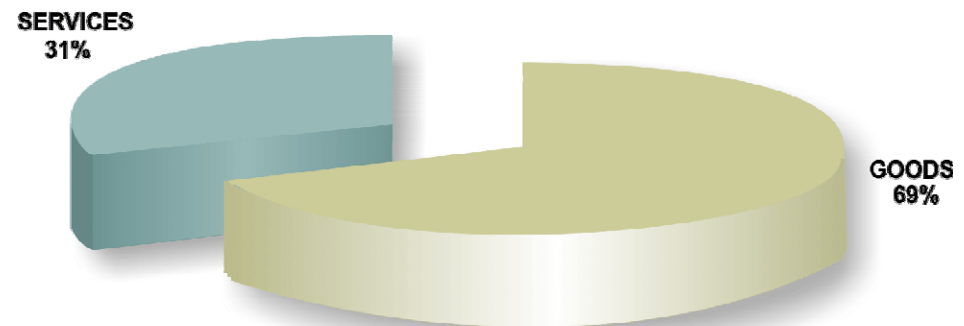
Mass Layoff Statistics (MLS), another federal-state cooperative program, collects reports on mass layoff actions that result in workers being separated from their jobs. Monthly mass layoff numbers are from establishments that have at least fifty initial claims for unemployment insurance (UI) filed against them during a five-week period. Extended mass layoff numbers (issued quarterly) are from a subset of such establishments—where private-sector non-farm employers indicate that fifty or more workers were separated from their jobs for at least thirty-one days. The following graphs provide information on which parts of the economy were impacted by layoffs, where the layoffs have occurred, and the reason for the separations.

The goods-producing industries, comprising agriculture, mining, construction, and manufacturing, have borne the brunt of labor force reductions since the second half of 2007. Much of the employment decline in this group of industries was attributed to slowing semiconductor and transportation manufacturing production and the downturn in construction.

The industries within the service-providing sector have felt the slowdown in the economy as well. Professional & business services shed jobs recently, putting added pressure on the growth of the economy. The information sector, while growing overall, lost jobs in the telecommunications subsector. Financial markets continue to be affected by the credit crunch with no clear end in sight.

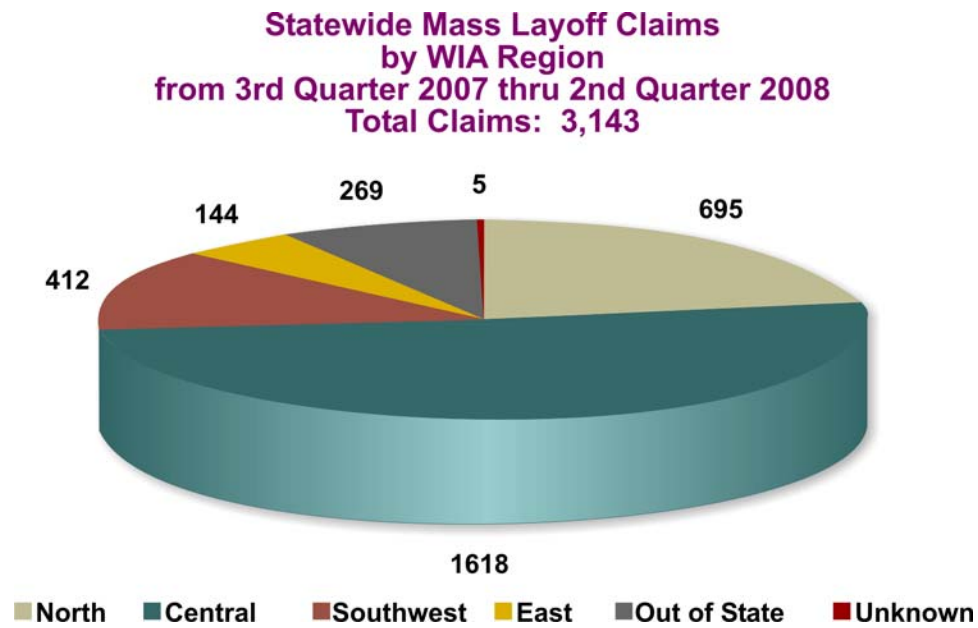
Following the national trend, New Mexico is experiencing mass layoffs in goods-producing jobs at a 2-to-1 ratio over service-providing jobs.

**Statewide Mass Layoff Claims
by Primary Industry Description
from 3rd Quarter 2007 thru 2nd Quarter 2008**



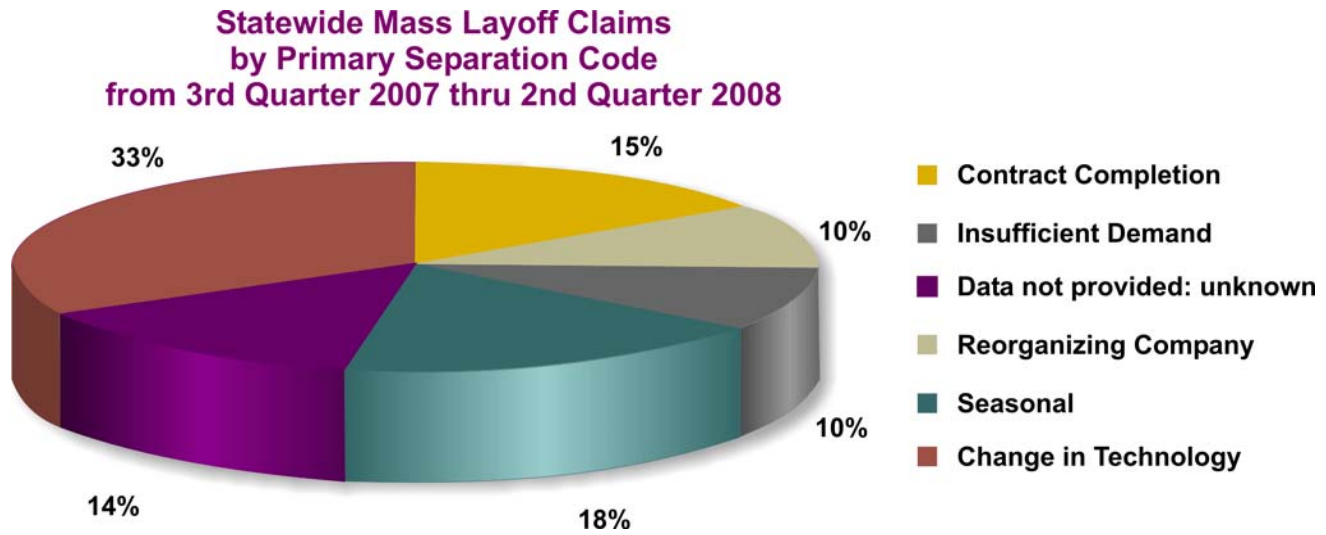
Source: Data for mass layoffs provided by Economic Research & Analysis Bureau, Mass Layoff Statistics (MLS) program.

Over half the jobs affected by mass layoffs occurred in the Central WIA region, many in manufacturing. Other areas of the state saw job losses in manufacturing and telemarketing activity.



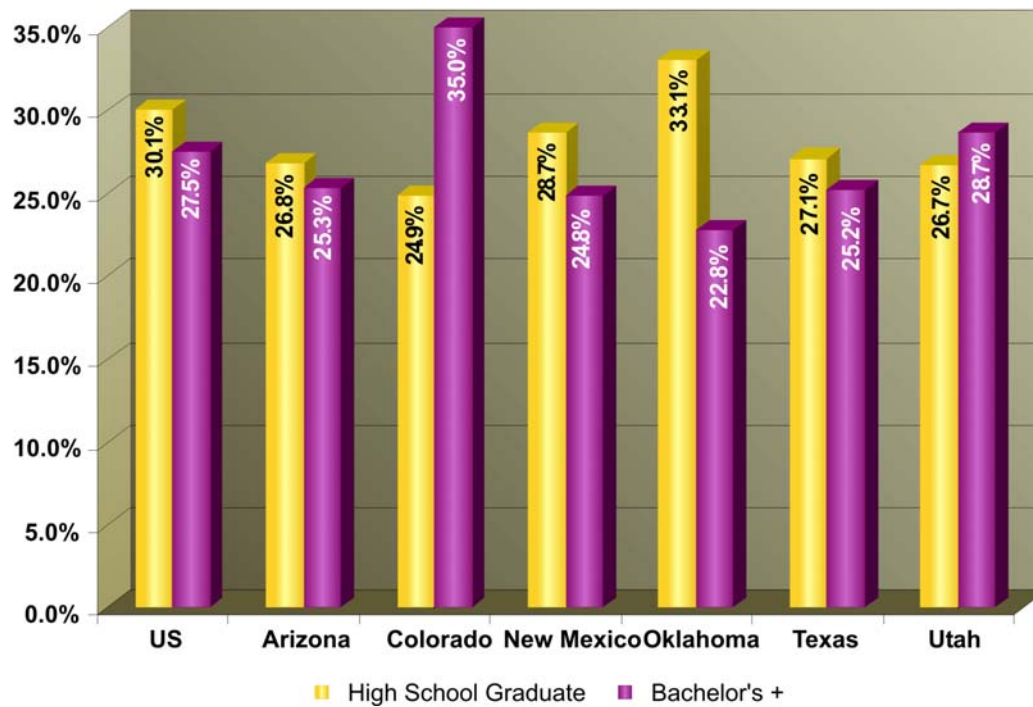
Source: Data for mass layoffs provided by Economic Research & Analysis Bureau, Mass Layoff Statistics (MLS) program.

The graph below shows why the layoffs occurred. The two main reasons for mass layoff are changes in technology and seasonal adjustments. Automation in manufacturing processes is linked to labor force reduction, particularly in the semiconductor manufacturing industry. Summer break from schools adds to the number of workers laid off in the second and third quarters of each year.



Source: Data for mass layoffs provided by Economic Research & Analysis Bureau, Mass Layoff Statistics (MLS) program.

Education Attainment, 2007



New Mexico improved in the percentage of people with a high school diploma, with the percentage rising from 27.7 percent in 2006 to 28.7 percent in 2007. The improvement brings the attainment rate in New Mexico up to just slightly below the national rate.

Many entry-level jobs require basic education and training levels characteristic of those learned in high school. Education providers look at this data and develop strategies to improve the state's future workforce.

A large percentage of jobs in New Mexico require a bachelor's degree or higher. Jobs in high-tech manufacturing, healthcare, government, and research facilities are attracting and retaining workers with higher skills. According to the U.S. Census Bureau, 14.4 percent of workers 25 years old and older possessed a bachelor's degree or higher. In 2007, that number climbed to 24.8 percent, slightly below some of our neighboring states.

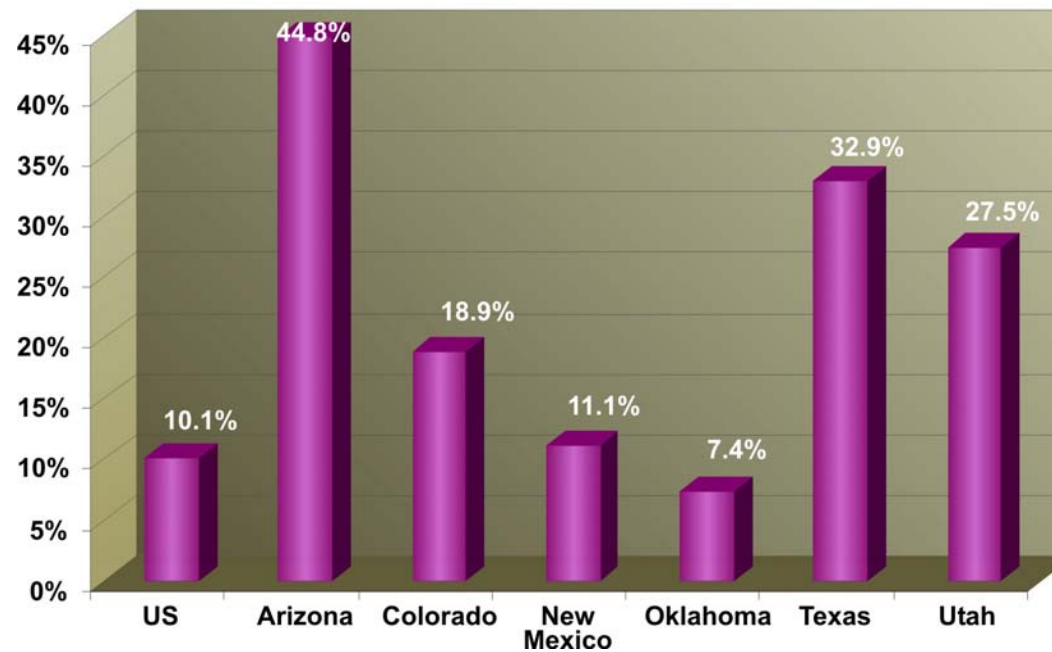
While New Mexico has seen an increase in the number of people with a bachelor's degree or higher, we still are below the national percentage. Employers are more likely to locate "knowledgeable jobs" where they believe there are "knowledgeable people."

Source: U.S. Census Bureau, Table S0201, 2007.

pre K - 1 2 enrollment in public schools

School enrollments in New Mexico are projected to grow at near the population growth rate that UNM - Bureau of Business and Economic Research projected for the time period 2004-2017. The U.S. Census Bureau has projected a decrease in number youth 18 years old and under through 2030, while during the same time period, 65 years + are projected to near double. The aging of the population is evident in New Mexico, Oklahoma, and somewhat in Colorado with a steeper decline in growth of the school-age population. In New Mexico, the impact of a smaller 18-year-and-under population will likely be felt in the rural communities with declining enrollments.

% Change in Public School Enrollment K-12, 2004-5 to 2017-18



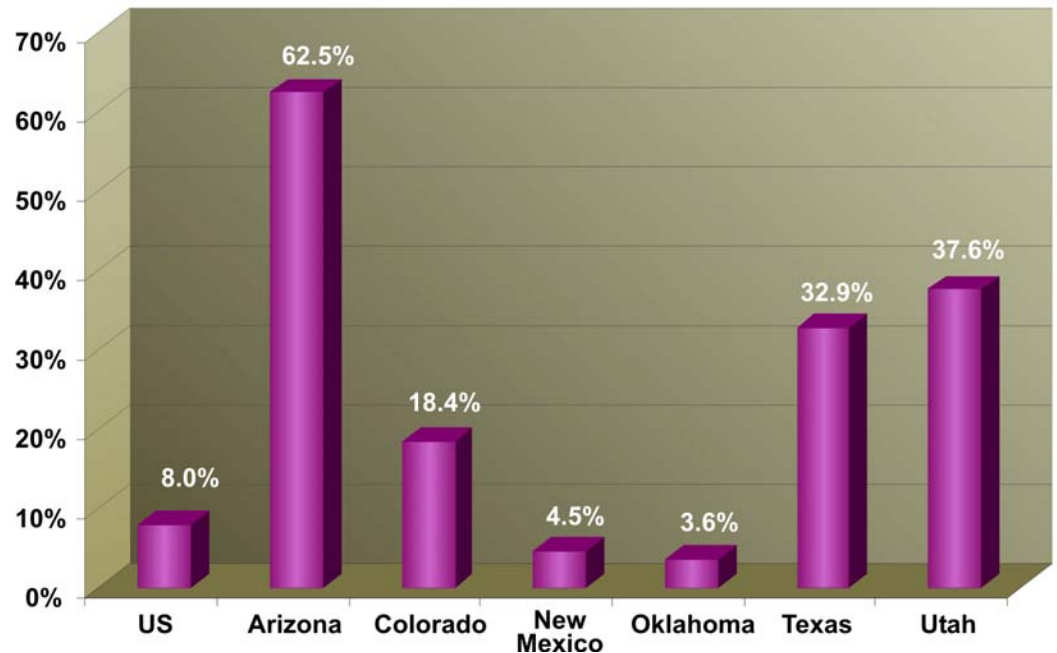
Source: U.S. Dept. of Education, NCES, Common Core of Data surveys and State Public High School Graduates Model. (See reference table 5.)

number of public high school graduates

The graduation rate is forecasted to be positive in New Mexico through 2017, yet the rate is well below the national rate and the rate in most neighboring states. The education of the workforce is a key component in the decision-making process for economic planners and site selectors for business relocation and expansion. Graduation from high school is seen as a minimum requirement for further education and training.

An increase in the graduation rate is projected for twenty-seven states and the District of Columbia, with most increases projected in the south and the west. Twenty-three states are projected to have declining graduation rates through the 2017-18 school year. Each of the states in our region is expected to increase the graduation rates in public schools.

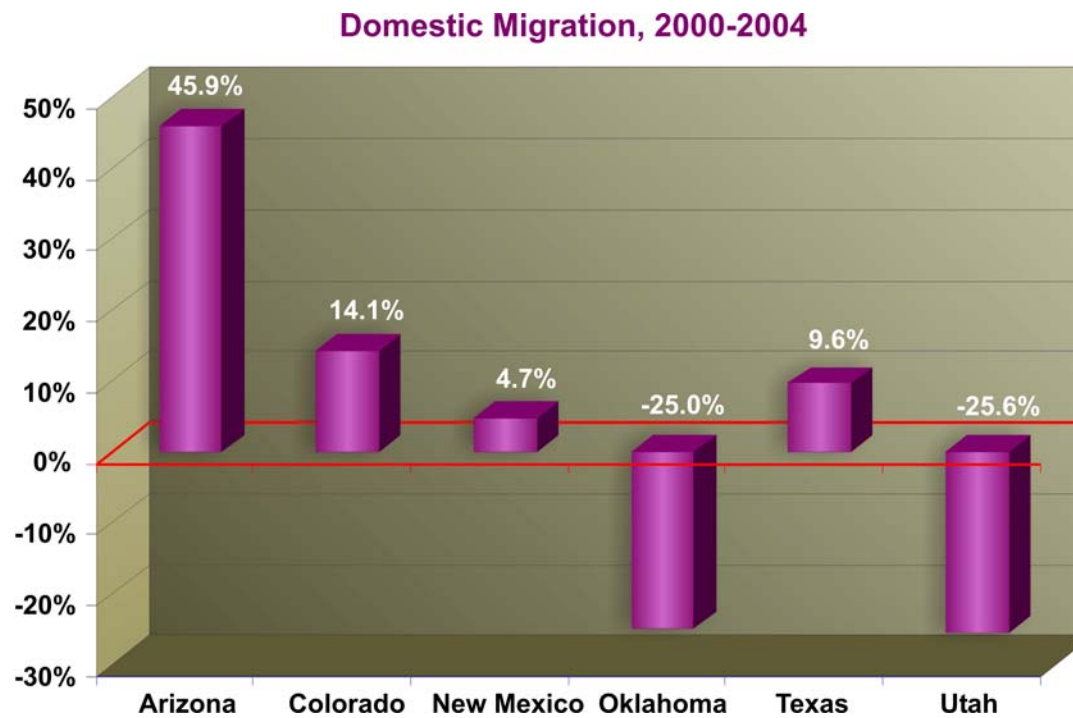
% Change in Number of Public School Graduates, 2004-5 to 2017-18



Source: U.S. Dept. of Education, NCES, Common Core of Data surveys and State Public High School Graduates Model. (See reference table 26.)

domestic migration

New Mexico is one of four states in the region showing a positive net domestic in-migration. Essentially, we are attracting people from other states at a higher rate than we are losing people to other states. Employment opportunities have made New Mexico an attractive place to live, work and recreate.



Source: U.S. Census Bureau, Population Estimates Program, 2004. <<http://www.census.gov/prod/2006pubs/p25-1135.pdf>>.



c a r e e r c l u s t e r s

A Guide to Career Clusters in New Mexico

Guidebook Career Clusters

Arts & Entertainment

Business Services

Communications & Information

Energy & Environmental Technologies

Engineering, Construction & Manufacturing

Health & Biosciences

Hospitality & Tourism

A career cluster is a grouping of occupations and broad industries based on commonalities. By exploring careers within a cluster, job seekers and students can quickly and easily compare occupations that match their individual interests, skills, and education requirements.

The New Mexico Career Clusters Guidebook identifies seven strategic marketing sectors or “clusters” as the foundation for the state’s future economy. The high-growth industries within these targeted sectors will create job opportunities requiring skilled workers with the appropriate levels of education and training. The guidebook assists in career planning and exploration by providing industry and occupational information and detailing the career pathways available in each career cluster.

New Mexico’s Career Clusters are Arts & Entertainment; Business Services; Communication & Information; Energy & Environment Technologies; Engineering, Construction & Manufacturing; Health & Biosciences; and Hospitality & Tourism.

Source: The Governor’s Workforce Coordination & Oversight Committee. www.workinnewmexico.gov

f u t u r e w o r k f o r c e d e m a n d

New Mexico Industry Projections

The New Mexico economy is expected to generate about 119,000 new jobs through the year 2017, expanding employment from 889,000 to 1,008,000. The increase represents a growth rate approximating 13.4 percent. Total job openings due to growth and replacements, occurring between 2007 and 2017, are estimated to be 328,800.

The skill level of jobs created in New Mexico has changed over the years. According to projections data, jobs requiring a bachelor's degree or higher are expected to grow by 30,300, reflecting New Mexico's shift to the new high-tech economy. Jobs requiring an associate's degree or post-secondary education are projected to increase by 6,700, while growth for high school level and some work experience is expected to be about 81,600 additional jobs. In addition to targeting high-tech jobs for New Mexico's future economy, economic stimulants have been used to establish a greater role for creative talents in the film industry. The following text, tables, and graphs show the projected growth of the goods-producing and service-providing sectors of the economy through 2017.

New Mexico Industry Projections, 2007 – 2017 Goods-Producing Industries

Industry	2007	2017	Number Change	Percent Change
Construction	59,100	67,300	8,200	13.9%
Manufacturing	37,100	35,900	-1,200	-3.3%
Mining	19,400	21,800	2,400	12.6%

Source: NM Department of Workforce Solutions, Economic Research & Analysis, Long-Term Industry Projections, 2007-2017.

Construction

Employment in the construction sector is expected to grow by about 8,200 jobs or 13.9 percent over the forecast period, as employment rises from 59,100 in 2007 to 67,300 by 2017. Building construction (residential) employment is expected to increase by about 3,400 jobs or 21.5 percent, following an initial slowdown. Heavy & civil engineering construction is projected to add 1,160 jobs, growing 11.5 percent. Specialty construction trade contractors are projected to add 3,600 jobs, growing 11.1 percent growth.

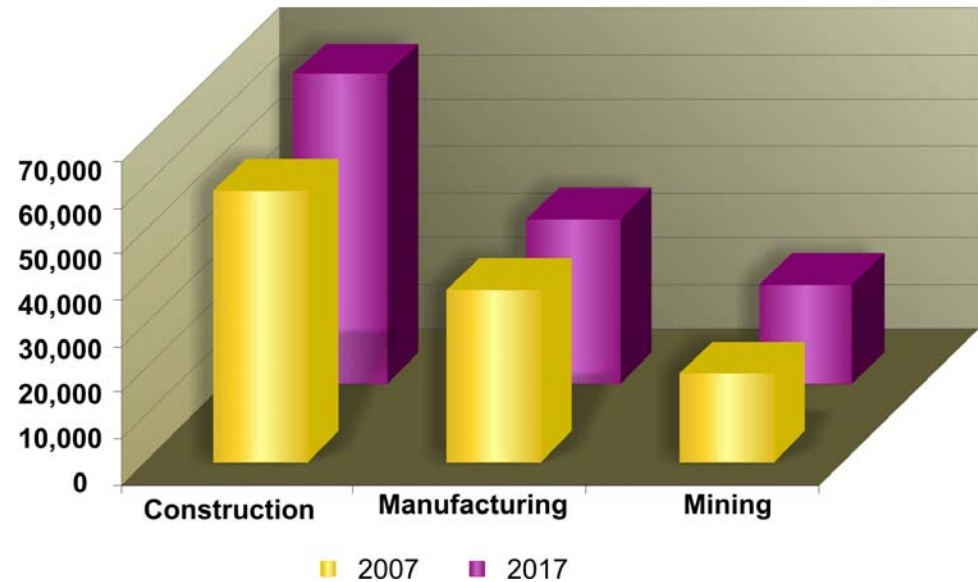
Manufacturing

New Mexico’s manufacturing sector is feeling the effects of the economic downturn. Employment is expected to decline 3.3 percent from 2007 to 2017, shedding approximately 1,200 jobs. The largest number of job losses is expected to be in the transportation manufacturing subsector, followed by printing activities. The employment projections in these subsectors call for declines of 300 jobs or 10.9 percent and 240 jobs or roughly 20.9 percent, respectively.

Mining

Employment in the New Mexico mining industry is expected to grow by about 2,400 jobs between 2007 and 2017. Much of this activity is based on the assumption of rising worldwide price and demand for natural resources. Support activities for mining will be the largest growing mining subsector, increasing from 11,500 in 2007 to 13,500 in 2017. Mining (except oil and gas) is projected to experience little to no growth, with employment levels at about 4,100 through 2017. The oil & gas extraction subsector is projected to grow 7.5 percent, adding nearly 300 jobs over the projection period.

Goods-Producing Industry Projections, 2007-2017



Source: NM Department of Workforce Solutions, Economic Research & Analysis, Long-Term Industry Projections, 2007-2017.

New Mexico Industry Projections, 2007 - 2017
Service-Providing Industries

Industry	2007	2017	Number Change	Percent Change
Health Care & Social Assistance	104,600	127,700	23,100	22.1%
Retail Trade	96,000	107,600	11,600	12.1%
Government	90,400	103,500	5,800	14.5%
Accommodation & Food Services	80,800	96,200	15,400	19.1%
Educational Services	80,400	101,100	20,700	25.8%
Professional, Scientific & Technical	55,800	59,900	4,200	7.5%
Administrative & Support Services	46,900	49,700	2,800	5.9%
Wholesale Trade	23,800	25,700	2,000	8.3%
Finance & Insurance	22,400	23,700	1,200	5.5%
Other Services (Except Government)	22,100	25,600	3,500	16.0%
Transportation & Warehousing	20,600	22,100	1,500	7.2%
Information	16,500	19,500	3,100	18.5%
Arts, Entertainment, & Recreation	15,200	16,200	1,000	6.8%
Real Estate, Rental & Leasing	11,300	12,100	800	7.4%
Management of Companies	5,800	6,500	800	13.0%
Utilities	4,300	4,300	0	0.1%

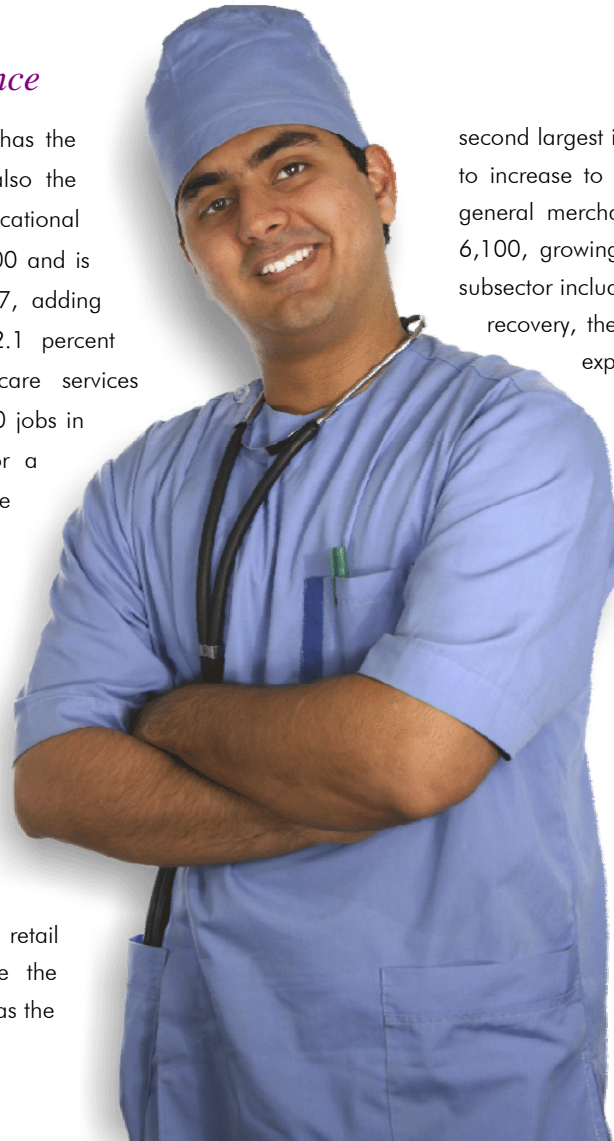
Source: NM Department of Workforce Solutions, Economic Research & Analysis, Long-Term Industry Projections, 2007-2017.

Health Care & Social Assistance

The health care & social assistance sector has the largest employment of all sectors. It is also the second fastest growing sector behind educational services. In 2007, employment was 104,600 and is projected to increase to 127,700 by 2017, adding over 23,100 jobs. This represents a 22.1 percent growth rate. The ambulatory health care services subsector is forecasted to grow from 40,300 jobs in 2007 to 52,200, adding 11,800 jobs for a growth rate of 29.3 percent. Social assistance employment is projected to increase by 5.4 percent, increasing from 19,900 jobs to 27,000.

Retail Trade

The retail trade sector is projected to grow by 11,600 jobs or about 12.1 percent over the projection period. New Mexico, as an energy-producing state, tends to have milder economic downturns than does the nation. Thus, retail growth is projected to be almost double the national growth rate. In 2007, retail trade was the



second largest industry sector, employing about 96,000 people. It is expected to increase to about 107,600 in 2017. Within the retail trade sector, the general merchandising stores subsector is projected to add the most jobs, 6,100, growing by 28.1 percent through 2017. The general merchandise subsector includes the Wal-Mart and Target chains. Following the construction recovery, the building material & garden equipment suppliers subsector is expected to add an additional 2,200 jobs to the retail sector.

Government

The government category used in the occupational projections is confined to administration and public safety and excludes almost all direct production and service functions of the government. Government construction, the U.S. Postal Service, public transportation, public utilities, public education, and health services functions are allocated to other more appropriate categories. The overall government category is projected to add 13,100 jobs, growing from 90,400 to 103,500, during the projection period 2007 to 2017. Federal government employment is projected to decline by 600 jobs or 2.3 percent over the forecast period. State government employment is projected to increase in New Mexico by 17.4 percent, adding 4,400 jobs. The local government sector is projected to add 9,300 jobs for an increase of 23.7 percent.

The Health Care and Social Assistance sectors have the largest employment of all sectors in New Mexico.



Accommodation & Food Services

The accommodation & food services industry employment is projected to grow by 19.1 percent through the projection horizon. The addition of 15,400 jobs represents growth slightly less than average. Food services & drinking places, the largest subsector in this industry sector, is projected to increase employment from 65,300 to 78,800, expanding 20.8 percent. Accommodation jobs are expected to grow by 12.3 percent, increasing from 15,500 to 17,400 by 2017.

Educational Services

The educational services industry is projected to experience employment growth from 80,400 in 2007 to 101,100 in 2017, adding 20,700 jobs for a growth rate of roughly 25.8 percent.

Professional, Scientific & Technical Services

The professional, scientific & technical services sector, including engineering and consulting services, is projected to add about 4,200 jobs to the economy, increasing from 55,800 to 59,900 through 2017.

Administrative Support Services

Employment growth in the administrative support subsector is expected to increase from 46,900 jobs in 2007 to 49,700 in 2017. The additional 2,800 jobs represent a growth rate of 5.9 percent.

Wholesale Trade

The wholesale trade sector is projected to grow by 1,900 jobs or 8.3 percent during the forecast horizon. Jobs for merchant wholesalers of durable goods are projected to add the most jobs in the sector, increasing from 13,300 to 15,000. Employment for merchant wholesalers of non-durable goods is projected to increase slightly, adding about 200 jobs.

Finance & Insurance

Employment in the finance & insurance sector is expected to increase by 1,200 jobs or 5.5 percent. Employment levels are projected to increase from 22,400 in 2007 to 23,700 in 2017. The credit intermediation subsector employment is expected to increase by 600 jobs or 4.5 percent. Insurance carriers are projected to grow by 6.6 percent, adding about 500 jobs over the forecast horizon.



Accommodation and Food Services employment is projected to grow by 19.1%.

Other Services

Growth in other services, which includes personal care and professional organizations, is expected to account for an additional 3,500 jobs between 2007 and 2017 or roughly a 16 percent increase. The fastest growing subsector within other services is civic and professional organizations, growing at 23.3 percent and adding 1,400 jobs.

Transportation & Warehousing

Employment in the transportation & warehousing industry is expected to grow from 20,600 in 2007 to 22,100 in 2017 as the sector adds 1,500 jobs, equating to 7.2 percent growth. Truck transportation employment is expected to rise by over 500 jobs or 6 percent by 2017. Employment in support activities is projected to grow by about 300 jobs, while transit & ground transportation jobs are expected to grow by 200 or 8.5 percent.

Information

The information industry is projected to add approximately 3,100 jobs between 2007 and 2017. An increase from 16,500 jobs in 2007 to 19,500 in 2017 represents a job growth rate of 18.5 percent. The subsector adding the most jobs is motion picture & sound recording. Employment for this category is projected to grow by 2,000 jobs.

Arts, Entertainment & Recreation

Employment in the arts, entertainment & recreation industry is expected to increase by about 1,000 jobs, growing from 15,200 in 2007 to 16,200 in 2017. This represents a growth rate of about 6.8 percent. The amusement, gambling & recreation subsector is expected to create over 500 jobs, growing from 12,700 in 2007 to 13,200 in 2017, representing a 4 percent growth rate.

Real Estate, Rental & Leasing

Between 2007 and 2017, employment in the real estate & leasing industry is expected to recover from the housing crash, increasing by about 800 jobs. Employment in rental activities is projected to increase by 700 jobs, representing a growth rate of 17.1 percent. Real estate employment, while struggling early, is estimated to add another 100 jobs by 2017.

Management of Companies

Management of companies employment is projected to grow from 5,800 to 6,500, adding about 800 jobs for growth of 13 percent through 2017.

Utilities

Utilities sector employment is projected to be flat through 2017. Openings will be attributed to replacement rather than growth.

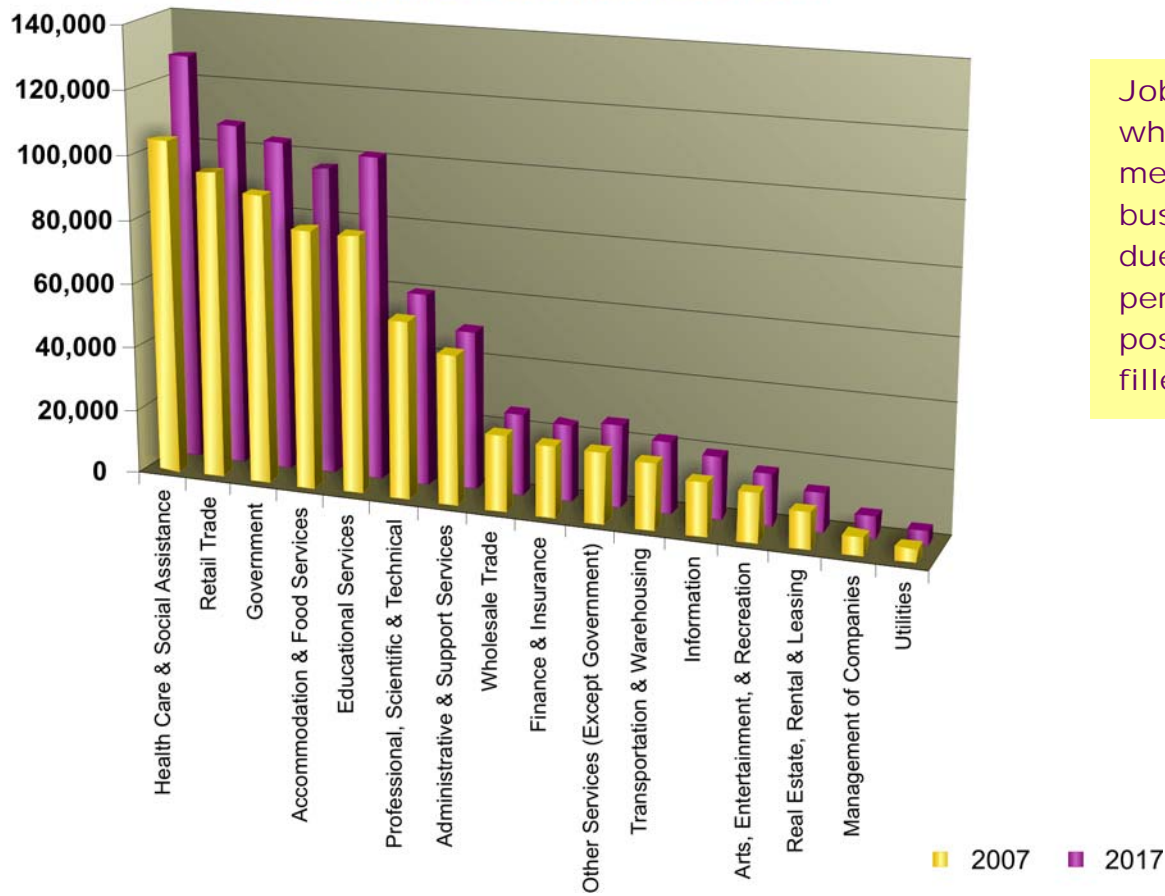


New Mexico Ballet Company brings The Nutcracker to Popejoy Hall as an annual holiday treat

New Mexico Rail Runner



Service Industry Projections, 2007-2017



Job growth is a new position created when additional staff is needed to meet increased demand for a business's product. A job opening due to replacement occurs when a person retires or is promoted. The position is not new, but it needs to be filled.

Source: NM Department of Workforce Solutions, Long-Term Industry Projections, 2007-2017

New Mexico occupational projections

New Mexico long-Term Occupational Projections, 2007 - 2017

Occupational Sectors	2007	2017	Number Change	Percent Change
Total All Occupations	889,000	1,008,000	119,000	13.4%
Legal	6,030	6,080	60	1.0%
Production	37,070	37,930	860	2.3%
Architecture & Engineering	22,900	24,300	1,400	6.1%
Life, Physical & Social Science	11,910	12,650	740	6.3%
Office & Administrative Support	136,480	145,490	9,010	6.6%
Transportation & Material Moving	48,210	51,680	3,470	7.2%
Sales & Related	94,150	103,600	9,450	10.0%
Management	49,110	54,740	5,640	11.5%
Healthcare Practitioners & Technical	44,410	49,660	5,250	11.8%
Building & Grounds Cleaning	36,450	40,870	4,420	12.1%
Business & Financial Operations	25,980	29,220	3,240	12.5%
Installation, Maintenance & Repair	37,580	42,740	5,160	13.7%
Construction & Extraction	77,650	88,410	10,760	13.9%
Computer & Mathematical	12,640	15,010	2,370	18.7%
Arts, Design & Entertainment	12,720	15,160	2,440	19.2%
Food Preparation & Serving	79,560	95,350	15,780	19.8%
Protective Service	23,850	29,170	5,320	22.3%
Community & Social Services	16,480	20,400	3,910	23.8%
Education	53,140	67,730	14,590	27.5%
Healthcare Support	23,460	30,140	6,670	28.4%
Personal Care & Service	31,900	41,290	9,390	29.4%

New Mexico's overall job growth is projected to be about 13 percent through 2017. Ten of the twenty-one occupational groups are projected to grow faster than the state's overall rate.

According to the 2007-2017 projections, each of the occupational sectors is projected to have positive growth through 2017. This can be partially attributed to the state's ability to absorb minor shocks due to a more diversified economy. In previous years, economic downturns would have affected the state's economy more drastically when one or two dominant sectors experienced job losses.

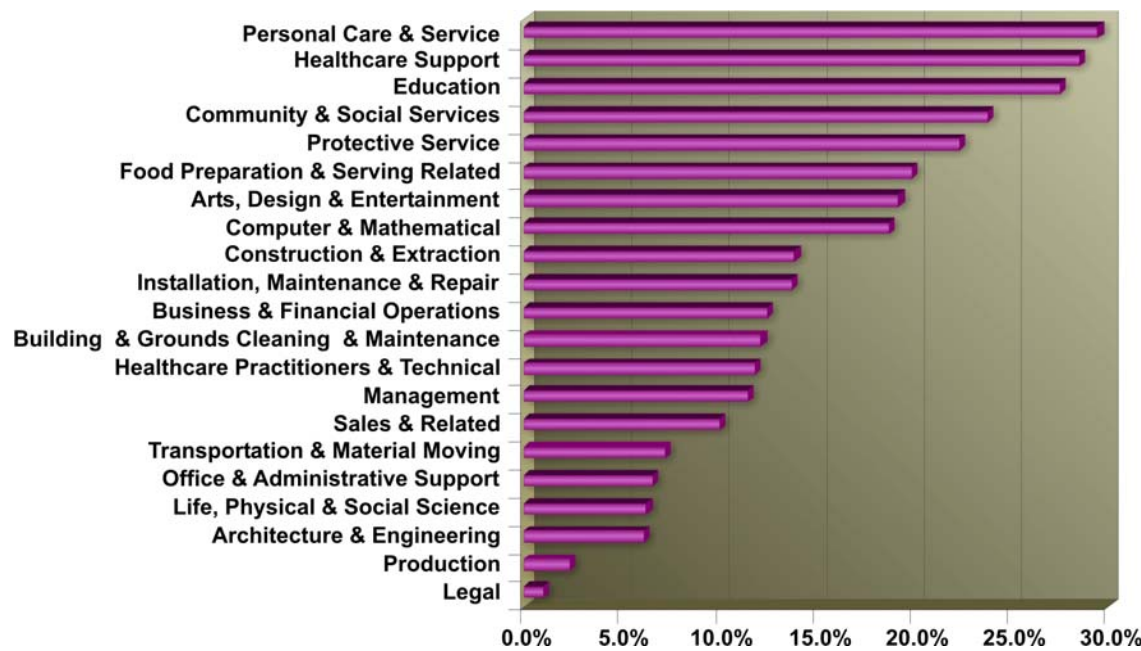
Source: NM Department of Workforce Solutions, Economic Research & Analysis, Long-Term Occupational Projections, 2007-2017.

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The table above and the graph below show growth associated with each occupational sector through 2017. The personal care & service sector is

projected to expand at the fastest rate, growing at over 29 percent through 2017, while the legal occupations sector is expected to have the fewest new jobs and the slowest growth. Food prep & serving, education, and construction & extraction occupations are expected to add the most jobs to New Mexico's economy. The largest occupational sectors, office & administrative support and sales occupations, are projected to each add over 9,000 jobs, representing growth rates of 6.6 percent and 10 percent, respectively.

Occupational Projections, 2007 - 2017



Source: NM Department of Workforce Solutions, Economic Research & Analysis, Long-Term Occupational Projections, 2007-2017.



c o n c l u s i o n

New Mexico's economic outlook in the short-term fairly mirrors the national picture in several key industry sectors. The construction sector is impacted by the current credit crunch, and as expected, growth from residential construction will likely continue to be sluggish. Relatively strong non-residential construction in New Mexico had previously prevented a more severe decline in this sector, but with declining government revenues and other structural difficulties, further declines can be expected.

Recent layoffs in manufacturing have heightened concern over the employment situation statewide. Among those affected, Intel, Tempur Pedic, Advent Solar, Millennium Transit, and Eclipse Aviation have recently announced workforce reductions in New Mexico. However, New Mexico is fortunate to have a number of firms adding manufacturing jobs at a significant rate. Raytheon Corp. in San Juan County, L.E.S. in Lea County, and Schott AG in Albuquerque have announced openings or expansions.

Declining oil and natural gas prices have reduced severance and ad valorem production taxes collected by the state, creating a budgetary shortfall. In areas of the state active in extraction, worker shortages remain common. Competition for skilled workers among employers is ongoing.

Information, one of the state's leading growth industry sectors, continues to add jobs. Many of these jobs are in the state's film industry. Many citizens have probably seen or have driven past a movie set in many parts of the state. *Telecommunications* is growing in New Mexico as well, with Verizon adding employment each year for the past several years.

The outlook for the healthcare and social assistance sector is encouraging, with employment coming from expansions to existing facilities as well as construction of new ones throughout the state. The aging population may help fuel the continued growth of this sector.

Professional & business services, education, and government are expected to be good sources of

employment growth in the near-term. Transportation & warehousing, and utilities likewise will continue to keep the New Mexico economy growing through added employment. Trades, accommodations & food services, and arts, entertainment & recreation sectors are all expected to show positive growth, albeit at a somewhat slower pace than the past several years.

Overall, the state is in a slow employment growth period while the unemployment rate remains below the national rate. The quality of the labor force generally meets the requirements of the state's occupation needs. According to the U.S. Census Bureau, in 2007, 24.8 percent of the population in New Mexico 25 years and over has at least a bachelor's degree. Statewide, the total number of jobs requiring a minimum of a bachelor's degree was 185,000 or 20.9 percent in 2007. While it appears the population with these degrees is sufficient to meet the state's needs, rural parts of the state continue to lose degreed individuals to the urban areas.