

**Central New Mexico Community College
Careers in Uncertain Times**

**EMPLOYMENT TRENDS IN
NEW MEXICO: CONTEXT AND
IMPLICATIONS**

March 12, 2009

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



**University of New Mexico
Bureau of Business and Economic Research
303 Girard Blvd NE, Suite 116
Albuquerque, NM 87131
(505) 277-2216**

**UNIVERSITY OF NEW MEXICO
BUREAU OF BUSINESS & ECONOMIC RESEARCH**

Data Bank

FOR- UNM Economic Forecasting Service

Census Project

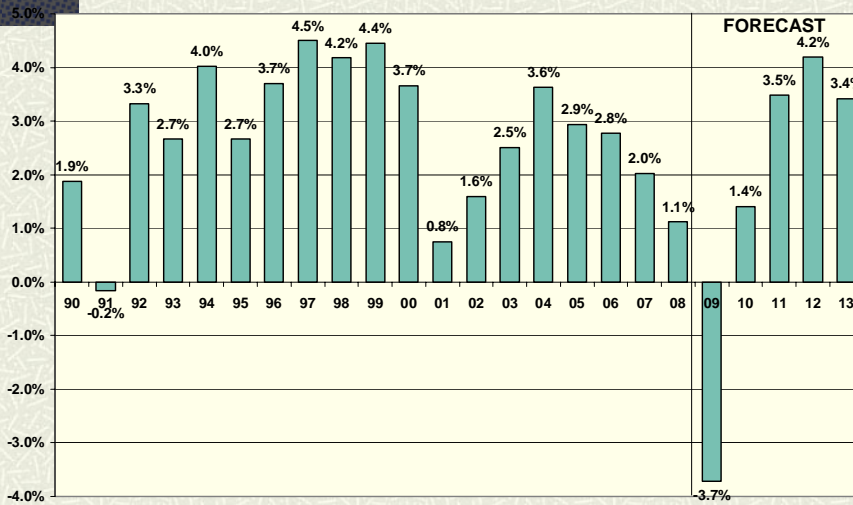
**Demographic and economic estimates and projections,
economic and fiscal impact analyses, government finance,
surveys, policy studies, economic research...**



BBER (505) 277-2216
Fax 277-7066
Data Bank 277-6626
Fax 277-2773
<http://www.unm.edu/~bber/>

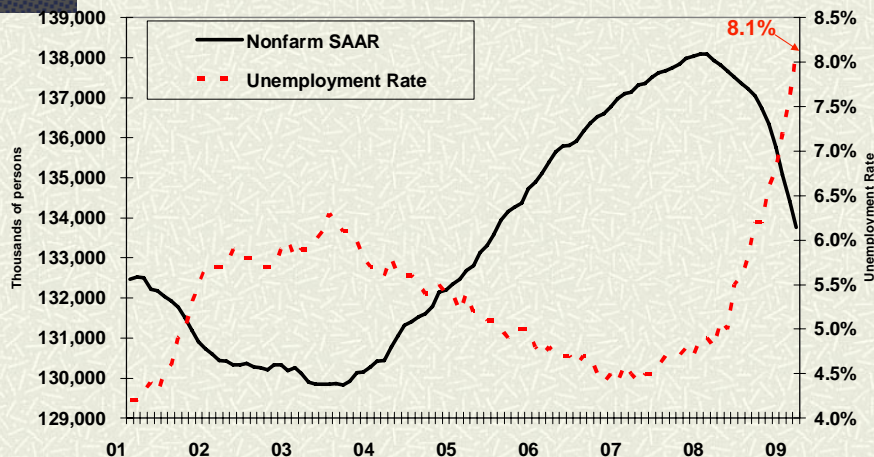
US ECONOMY HAS BEEN OFFICIALLY IN RECESSION SINCE DECEMBER 2007

ANNUAL GROWTH US REAL GDP CHAINED 2000 DOLLARS



US ECONOMY LOST 4.3 M JOBS SINCE START OF RECESSION, DEC 07; 2.6 M IN PAST 4 MOS.

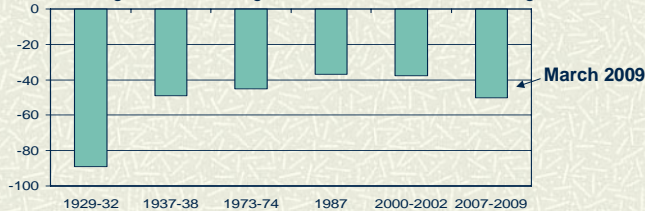
US NONFARM EMPLOYMENT AND UNEMPLOYMENT Seasonally Adjusted



UNM Bureau of Business and Economic Research

FINANCIAL MARKETS IN TURMOIL. BAILOUTS. FAILURE OF LEHMAN BROTHERS. CREDIT MARKETS FROZEN. HOARDING WIDESPREAD. . .

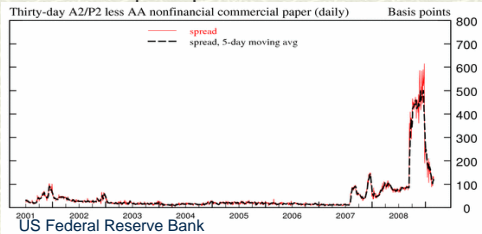
Stock Market Decline Is The Worst Since the 1930s
Peak-to-Trough Percent Change in Dow Jones Industrial Average



Crisis in global financial markets is without precedent since Great Depression. Complicates everything!

UNM Bureau of Business and Economic Research

Commercial Paper Spreads Were Off The Charts



FINANCIAL CRISIS DRAMATICALLY COMPOUNDS PROBLEMS OF RECESSION AND LIKEWISE...

The classic “Liquidity Trap” is limiting efficacy of traditional monetary policy.

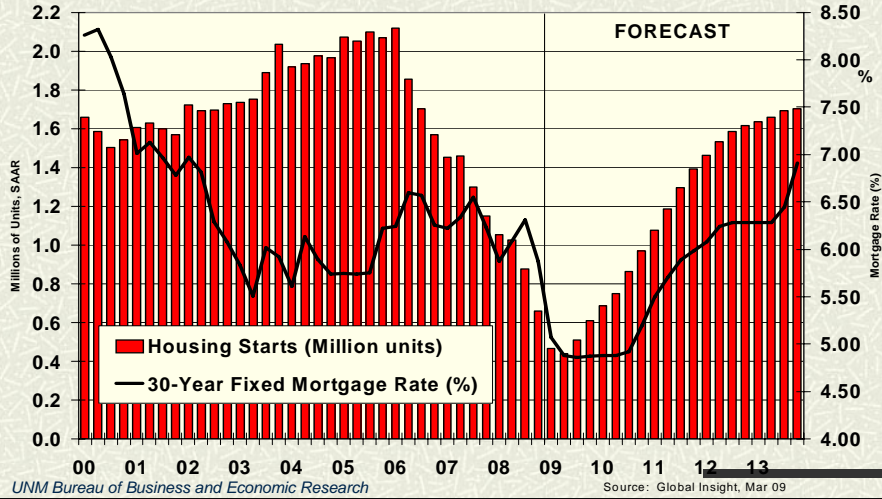
The Federal Funds Rate is down to 0 - .25%.

Fed aggressively pursuing new strategies, creating liquidity facilities, trying to target particular markets, e.g., commercial paper, in an effort to ensure access to capital markets.

Fed and Treasury working to deal with problem of “toxic assets” in financial institution portfolios (TARP)

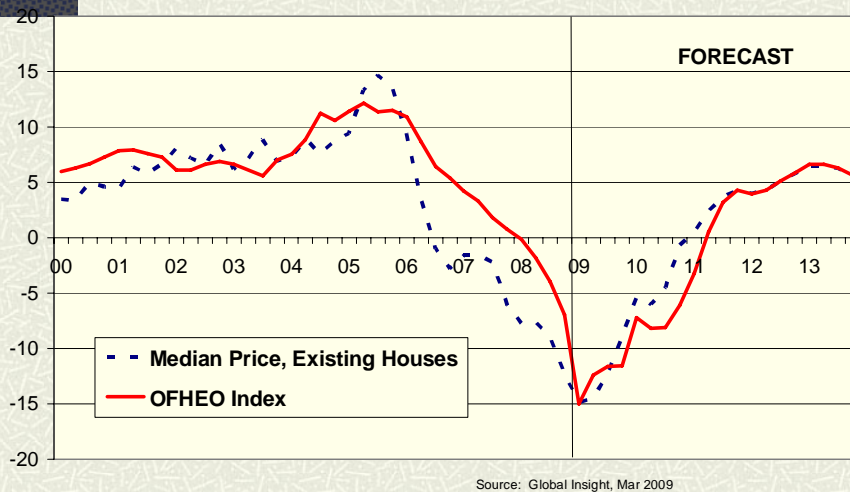
FINANCIAL CRISIS AFTERMATH OF HOUSING BUBBLE, SECURITIZATION & SUBPRIME LENDING. HOUSING STARTS CONTINUE TO PLUMMET. . .

MORTGAGE RATE AND US HOUSING STARTS



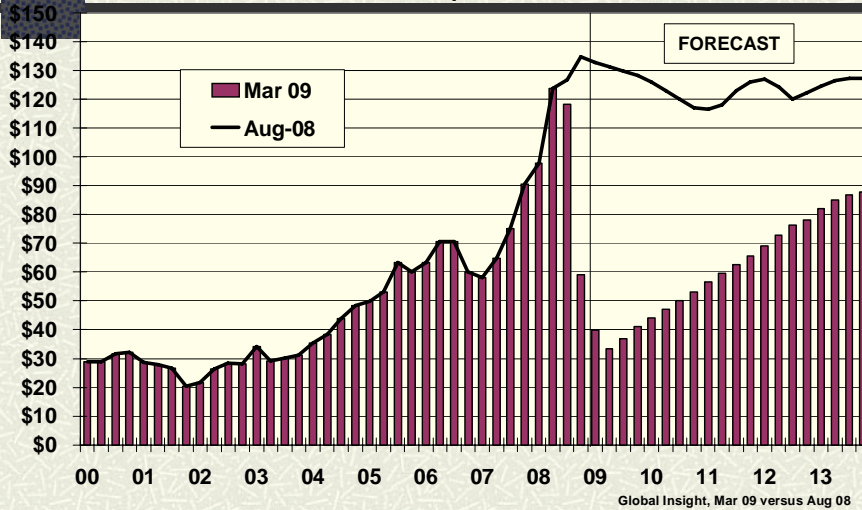
AS DO HOUSING PRICES . . .

US HOUSING PRICES Four Quarter Percent Change



ENERGY PRICES HAVE FALLEN OFF A CLIFF

COMPARISON OF THE FORECASTS
OIL PRICE - WEST TEXAS INTERMEDIATE
Price per Barrel

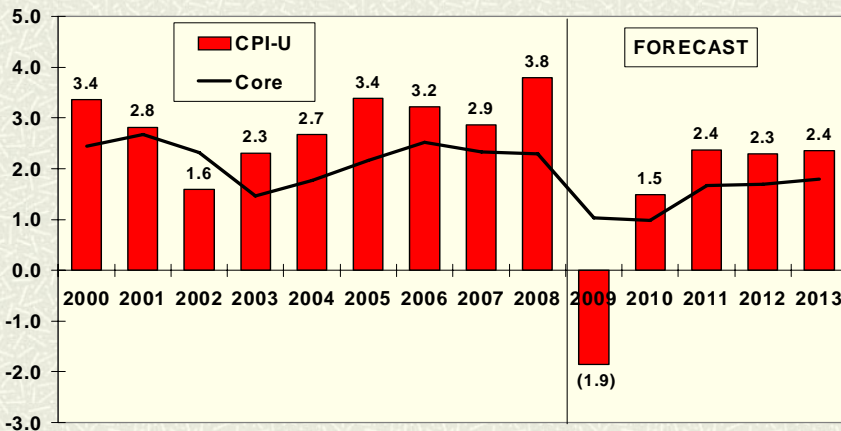


UNM Bureau of Business and Economic Research

Global Insight, Mar 09 versus Aug 08

MAKING INFLATION YESTERDAY'S PROBLEM -- AT LEAST FOR NOW . . .

CONSUMER PRICE INDEX - ALL URBAN CONSUMERS (CPI-U)
% GROWTH OVER THE PREVIOUS YEAR SAAR

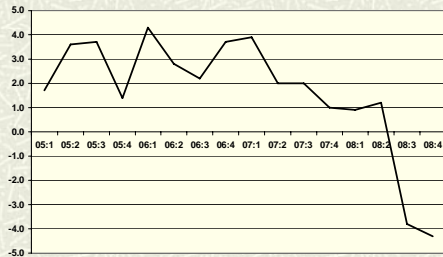


UNM Bureau of Business and Economic Research

Global Insight, Mar 2009

HOUSEHOLDS ARE CUTTING BACK ON EXPENDITURES. . .

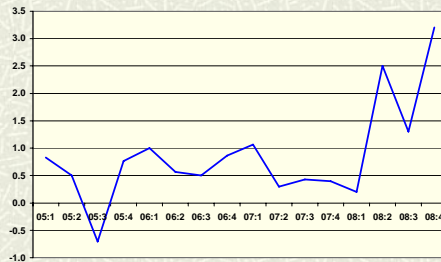
PERSONAL CONSUMPTION EXPENDITURES
Percent Growth Over Previous Quarter SAAR



US Bureau of Economic Analysis

AND INCREASING THEIR SAVINGS

US SAVINGS RATE

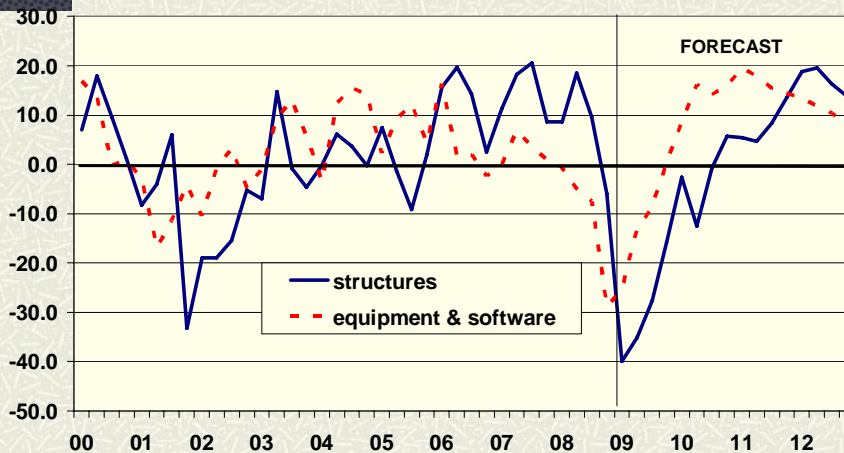


US Bureau of Economic Analysis

UNM Bureau of Business and Economic Research

BUSINESS INVESTMENT IN STRUCTURES WAS STRONG, BUT NO LONGER...

NON-RESIDENTIAL FIXED INVESTMENT
Growth Over Previous Quarter SAAR

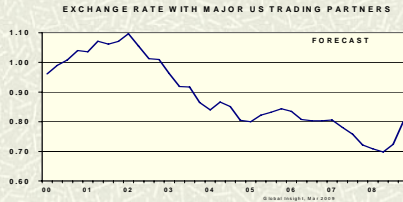


Global Insight, Mar 2009

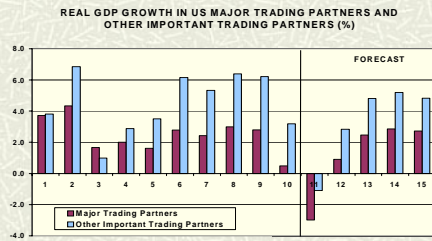
UNM Bureau of Business and Economic Research

WITH STRONG GROWTH ABROAD & A SLIDING DOLLAR, FOREIGN TRADE WAS BOOSTING GDP GROWTH, BUT . . .

- The dollar has recently been rising



- US major trading partners are in recession or growing much more slowly.

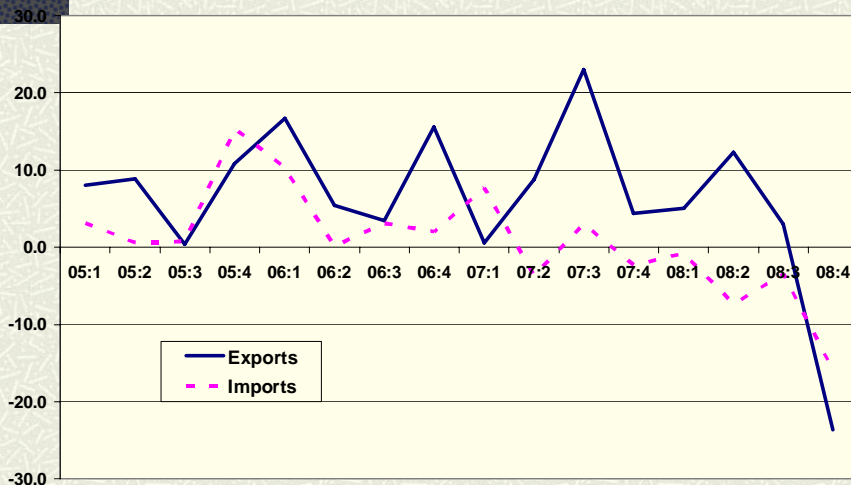


UNM Bureau of Business and Economic Research

Global Insight, Mar 2009

EXPORTS ARE NOW FALLING

QUARTERLY GROWTH IN US EXPORTS AND IMPORTS Percent Increase SAAR



FISCAL POLICY TO THE RESCUE...

- Troubled Assets Relief Program (TARP)
- American Recovery & Reinvestment Act of 2009
- Homeowner Affordability and Stability Plan



AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

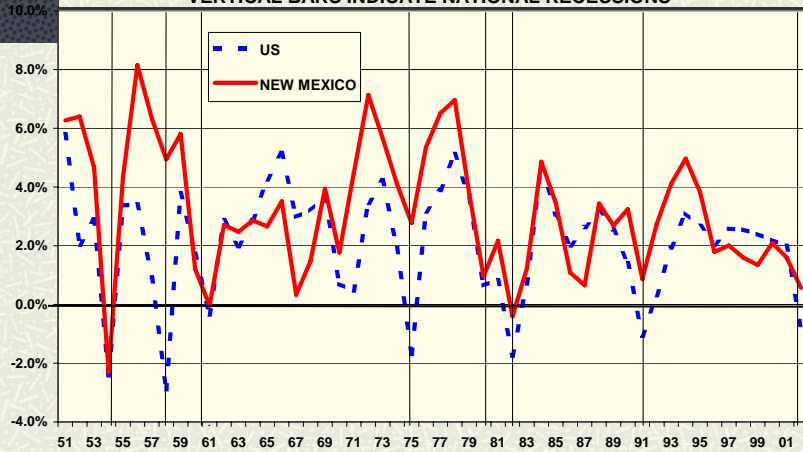
\$787 billion. According to recovery.gov web site, the ARRA will ...

- * Create or save more than 3.5 million jobs over the next two years;
- * Take a big step toward computerizing Americans' health records...;
- * Revive the renewable energy industry and provide the capital over the next three years to eventually double domestic renewable energy capacity;
- * Undertake the largest weatherization program in history by modernizing 75 percent of federal building space and more than one million homes;
- * Increase college affordability for seven million students by funding the shortfall in Pell Grants, increasing the maximum award level by \$500, and providing a new higher education tax cut to nearly four million students;
- * As part of the \$150 billion investment in new infrastructure, enact the largest increase in funding of our nation's roads, bridges, and mass transit systems since the creation of the national highway system in the 1950s;
- * Provide an \$800 Making Work Pay tax credit for 129 million working households, and cut taxes for the families of millions of children through an expansion of the Child Tax Credit;
- * Require unprecedented levels of transparency, oversight, and accountability.

In the face of an economic crisis, the magnitude of which we have not seen since the Great Depression, the American Recovery and Reinvestment Act represents a strategic -- and significant -- investment in our country's future....

NEW MEXICO IS NOT RECESSION PROOF

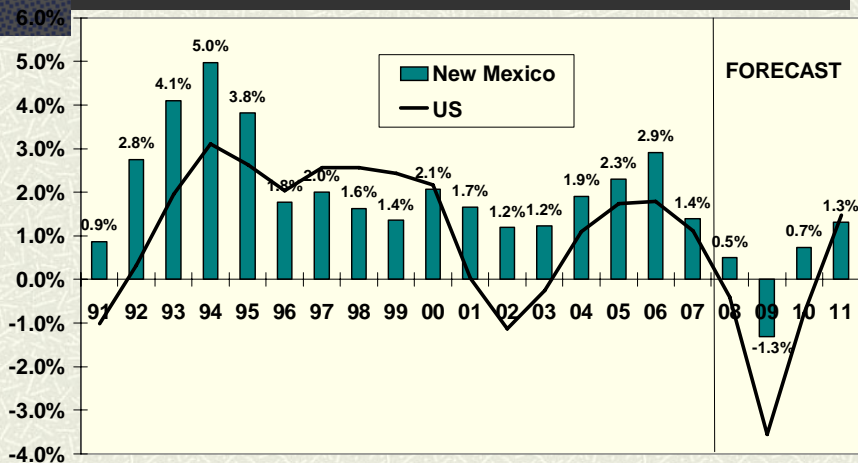
ANNUAL GROWTH IN NON AGRICULTURAL EMPLOYMENT
NEW MEXICO AND THE UNITED STATES
VERTICAL BARS INDICATE NATIONAL RECESSIONS



SOURCE: US AND NM DEPARTMENTS OF LABOR
US BUREAU OF ECONOMIC ANALYSIS

UNM Bureau of Business and Economic Research

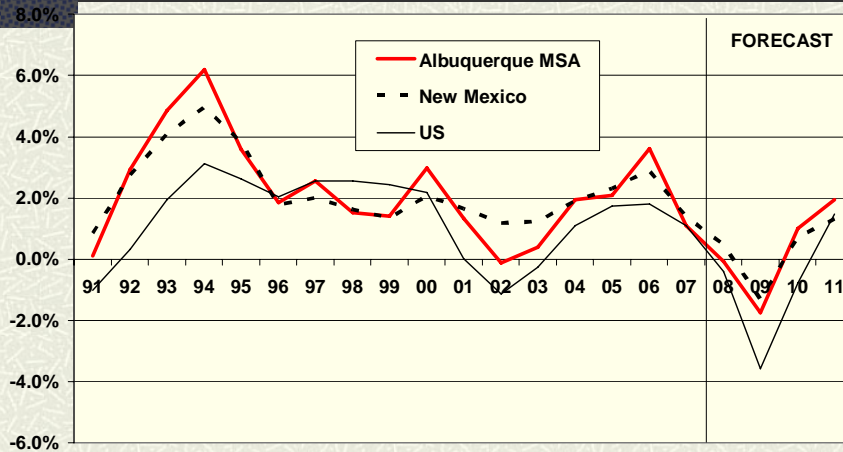
ANNUAL GROWTH IN NONFARM EMPLOYMENT NEW MEXICO AND US



Source: Global Insight, Mar 09
FOR-UNM, Jan 09 Pessim Modified.

UNM Bureau of Business and Economic Research

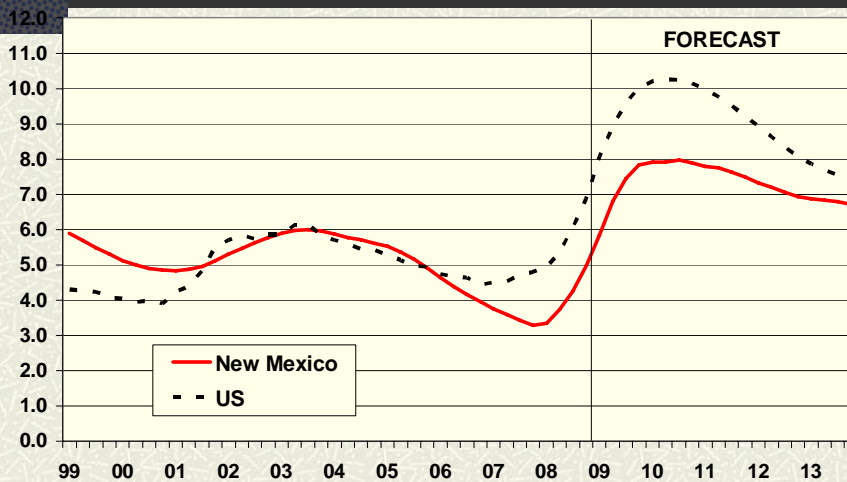
ANNUAL GROWTH IN TOTAL NONFARM EMPLOYMENT ALBUQUERQUE MSA, NEW MEXICO, US



Source: NM Dept of Labor, Global Insight, Feb 09
FORUNM, Jan 09 Pessim Modified

UNM Bureau of Business and Economic Research

QUARTERLY UNEMPLOYMENT RATE US AND NEW MEXICO, SAAR

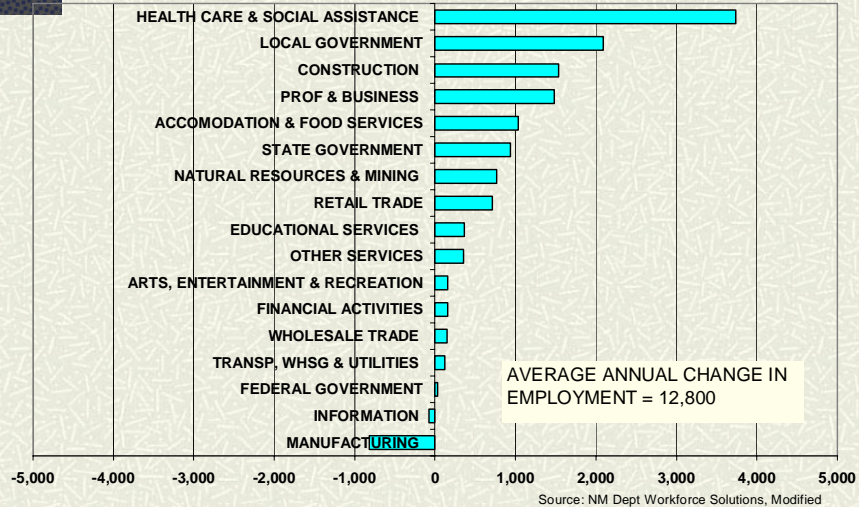


Source: Global Insight, Mar 09; FOR-UNM, Jan 09 Pessim

UNM Bureau of Business and Economic Research

GROWTH IN NM NONFARM EMPLOYMENT This Decade, 2000-08

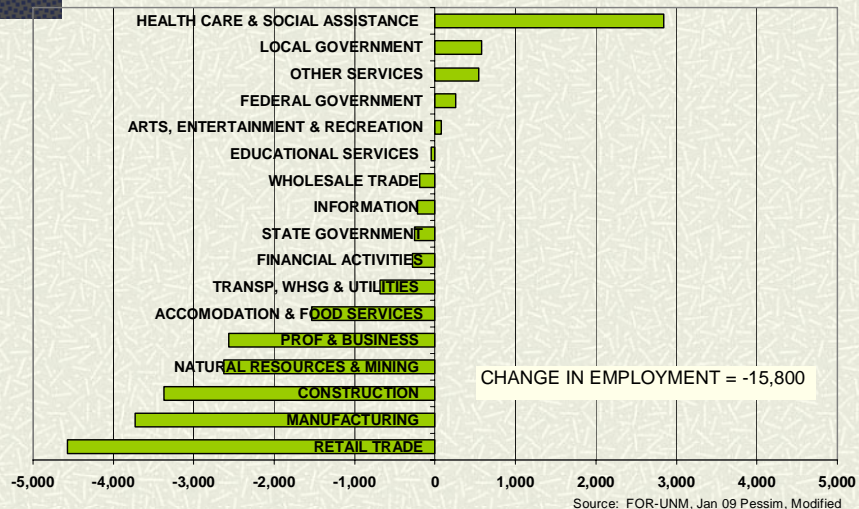
ANNUAL CHANGE IN NEW MEXICO NONFARM EMPLOYMENT 2000 TO 2008



UNM Bureau of Business and Economic Research

2009 - THE WORST DOWNTURN IN DECADES

CHANGE IN NEW MEXICO NONFARM EMPLOYMENT 2008 TO 2009



UNM Bureau of Business and Economic Research

AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 (ARRA) WILL CREATE JOBS DIRECTLY BY . . .

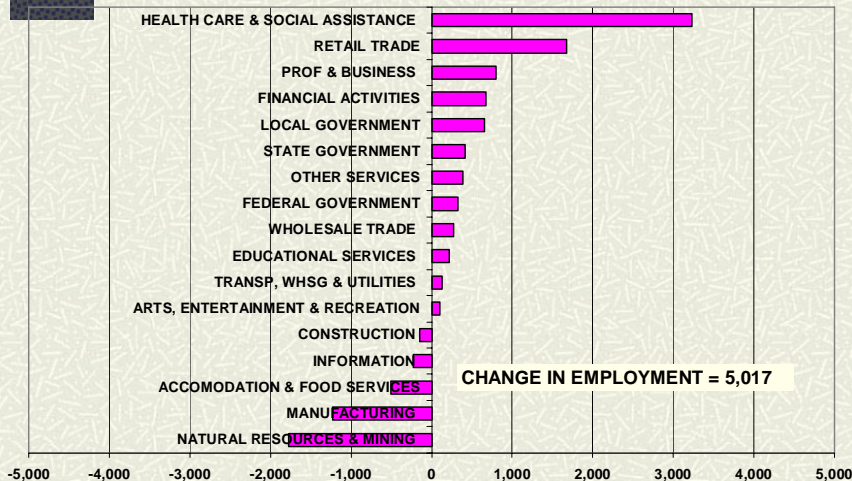
Investing in infrastructure, in public school buildings, in making federal buildings more energy efficient, in weatherizing low income homes, in re-starting stalled multi-family housing projects . . .

ARRA WILL CREATE JOBS INDIRECTLY THRU . . .

The spending by households, businesses & government supported by the above as well as by the tax incentives and tax relief afforded individuals and businesses and the various programs specifically targeting at the unemployed and others with low or moderate income.

2010 - IN THE PINK???

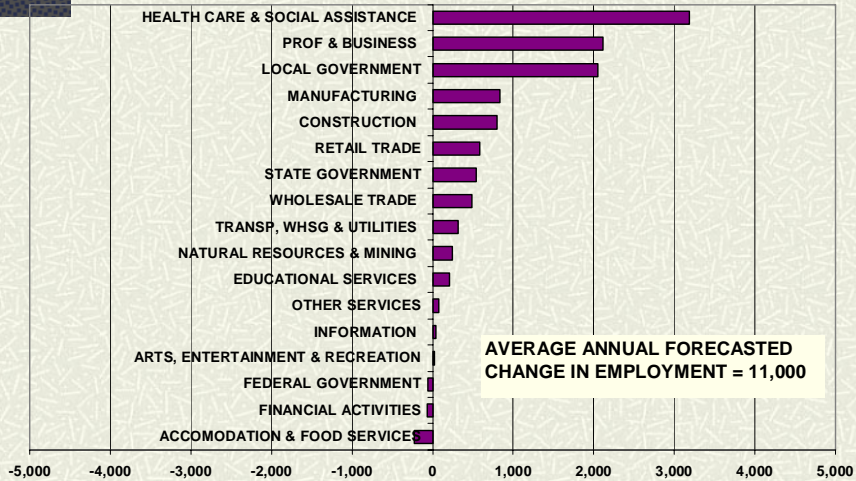
CHANGE IN NEW MEXICO NONFARM EMPLOYMENT 2009 TO 2010



UNM Bureau of Business and Economic Research

Source: FOR-UNM, Jan 09 Pessim, modified

AVERAGE ANNUAL CHANGE IN NM NONFARM EMPLOYMENT 2009 TO 2013



THE CHANGING EMPLOYMENT SITUATION IN SOME KEY SECTORS

LOWER COMMODITY PRICES NOW AND A SHIFT TO ALTERNATIVE ENERGY

NEW MEXICO MINING EMPLOYMENT

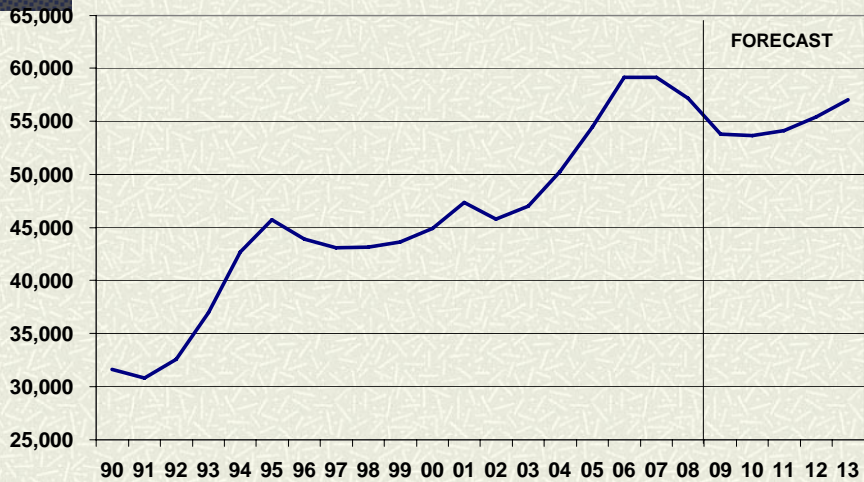


UNM Bureau of Business and Economic Research

Source: FOR-UNM, Jan 09 Pessim modified

CONSTRUCTION

NEW MEXICO CONSTRUCTION EMPLOYMENT

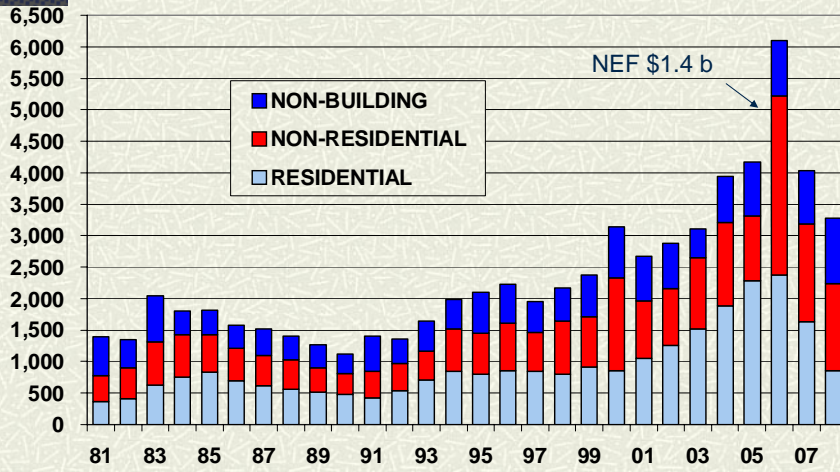


UNM Bureau of Business and Economic Research

Source: FOR-UNM, Jan 09 Pessim

CONSTRUCTION

NEW MEXICO DOLLAR VALUE OF CONSTRUCTION AWARDS
(\$000,000)

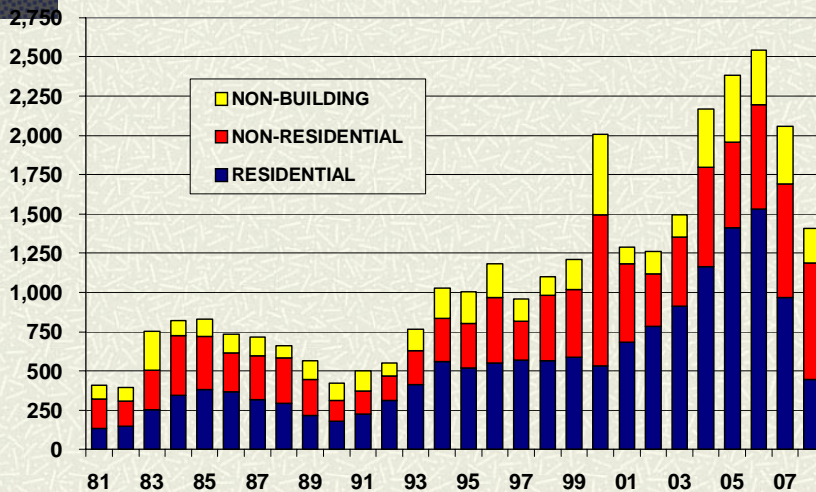


UNM Bureau of Business and Economic Research

SOURCE: FW DODGE

Non-residential was the only component to show growth in 2008 - 2.2%.

ALBUQUERQUE MSA \$ VALUE OF CONSTRUCTION AWARDS
(\$000,000)

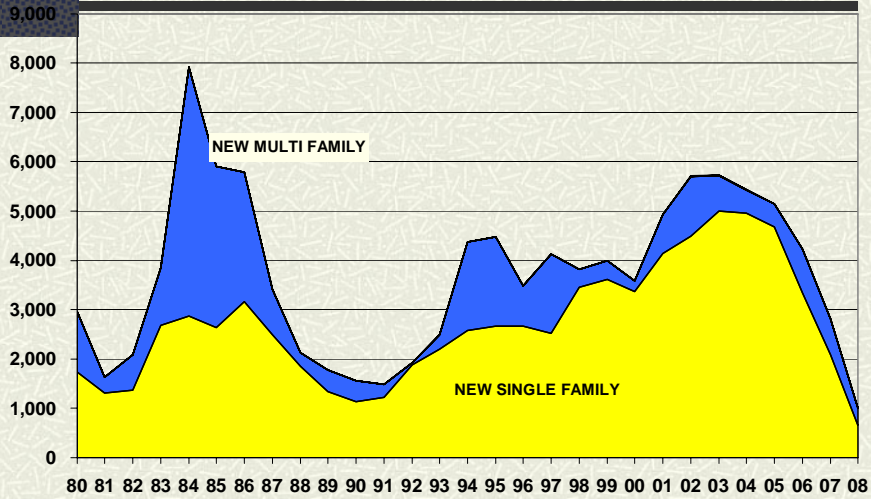


UNM Bureau of Business and Economic Research

SOURCE: FW DODGE

CONSTRUCTION

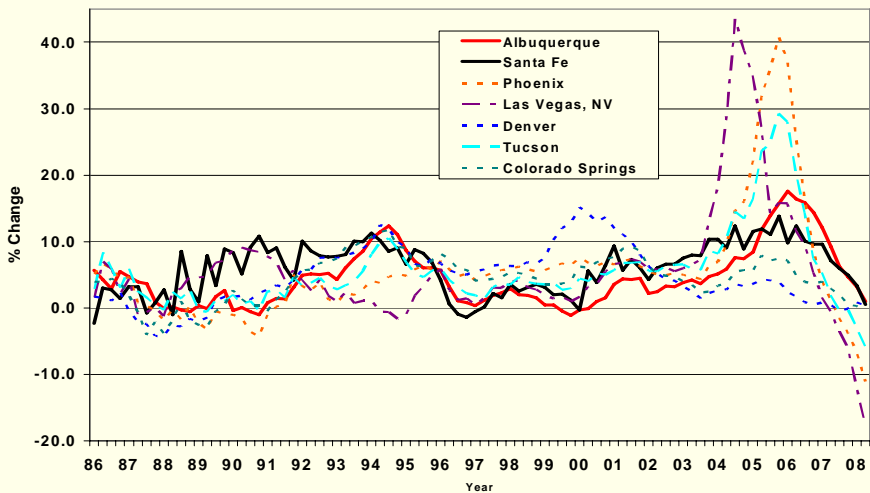
CITY OF ALBUQUERQUE HOUSING UNITS PERMITTED



UNM Bureau of Business and Economic Research

Source: BBER FORUNM, Jan 2009

CHANGES IN HOUSING PRICES - OFHEO Western MSAs, Quarter Over Quarter Year Ago

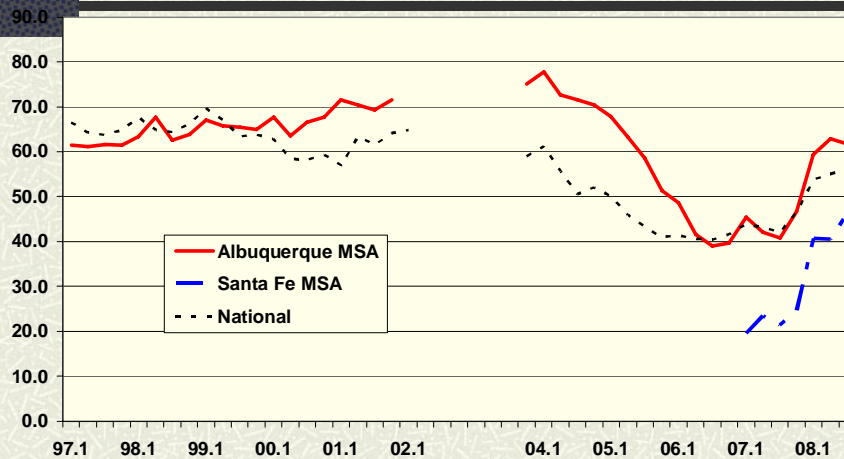


UNM Bureau of Business and Economic Research

HOUSING IS BECOMING MORE AFFORDABLE . . .

HOUSING OPPORTUNITY INDEX

Percent of all new and existing homes sold that were affordable to families with the median income



Source: National Assoc of Homebuilders/Wells Fargo HOI

UNM Bureau of Business and Economic Research

JOB OPPORTUNITIES IN CONSTRUCTION AND IN ARCHITECTURAL & ENGINEERING SERVICES

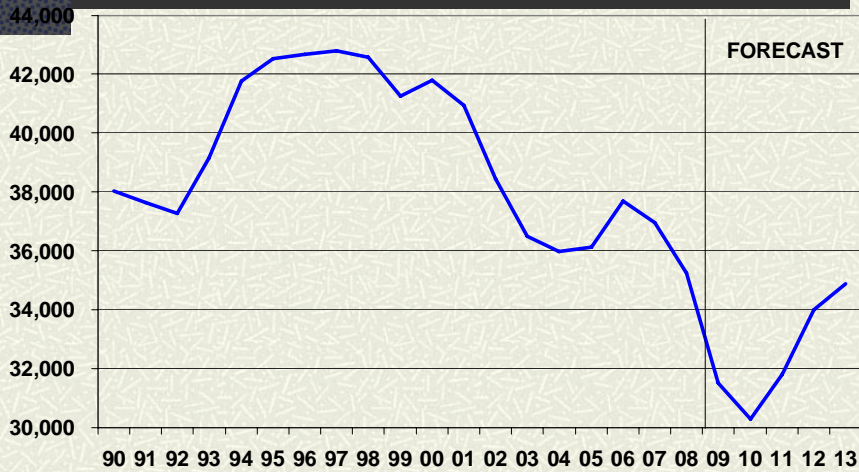
Stimulus package emphasizes investments in

- infrastructure (roads, water projects, distribution grid)
- public school buildings
- making public buildings more energy efficient
- multi-family housing projects (stalled due to financing)
- single-family housing, as incentivized by credits
- weatherization assistance for low income housing

Longer-term: Stimulus package puts money into developing green jobs and providing training necessary. Stimulus package & the Obama Budget (cap and trade) push development of alternative energy sources and realization of energy efficiencies in buildings.

MANUFACTURING

NEW MEXICO MANUFACTURING EMPLOYMENT

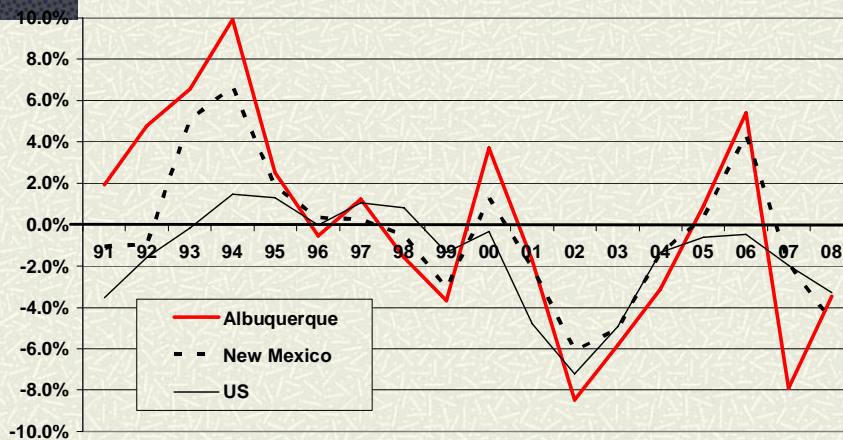


Source: FOR-UNM, Jan 09 Pessim

UNM Bureau of Business and Economic Research

MANUFACTURING

PERCENTAGE CHANGE IN MANUFACTURING EMPLOYMENT ALBUQUERQUE MSA, NEW MEXICO AND US



Source: US Bureau of Labor Statistics & NM Dept of Workforce Solutions
Global Insight, Feb 09

UNM Bureau of Business and Economic Research

MANUFACTURING HAS WINNERS AND LOSERS IN TERMS OF EMPLOYMENT . . .

Average Employment, Selected NM Manufacturing Industries

	2005	2006	2007	2008 (2Q)
Food	5,570	5,634	5,377	5,046 ↓
Wood Products	1,606	1,663	1,453	1,325 ↓
Chemicals	1,259	1,256	1,332	1,332
Fabricated Metal	2,818	2,826	2,902	2,906
Machinery	1,288	1,341	1,412	1,358
Computer & Electronic	10,114	10,400	9,435	8,247 ↓
Transportation Equip	1,823	2,261	2,713	2,994 ↑
Furniture & Related	969	1,170	1,389	1,418 ↑
Total Manufacturing	36,306	37,659	37,062	35,198

Source: NM Dept of Workforce Solutions, Quarterly Census of Employment and Wages

AND IN TERMS OF EARNINGS . . .

Average Weekly Earnings, Selected NM Manufacturing Industries

	2005	2006	2007	2008 (2Q)
Food	\$504	\$527	\$558	\$573
Wood Products	\$503	\$532	\$523	\$517
Chemicals	\$816	\$877	\$1,053	\$1,104
Fabricated Metal	\$661	\$680	\$722	\$724
Machinery	\$798	\$871	\$904	\$949
Computer & Electronic	\$1,223	\$1,256	\$1,419	\$1,512
Transportation Equip	\$1,003	\$1,168	\$1,171	\$1,119
Furniture & Related	\$524	\$536	\$572	\$543
Total Manufacturing	\$805	\$848	\$912	

Source: NM Dept of Workforce Solutions, Quarterly Census of Employment and Wages

MANUFACTURING ACTIVITIES LIKELY TO GROW IN NEW MEXICO INCLUDE . . .

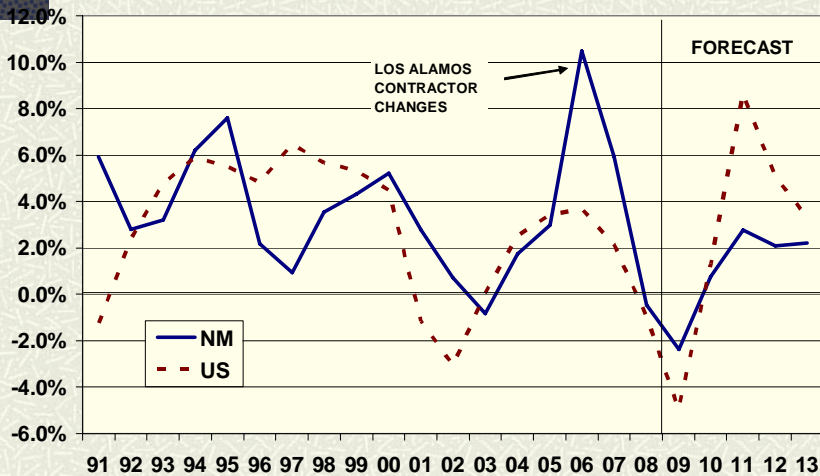
Solar panels and equipment – Labor requirements similar to semi-conductors. Major players include Schott, Emcore & Advent Solar. Encouraged by federal & state tax incentives, laws regulating electrical utilities, high energy prices, investment in NM solar concentrator.

Instruments -- Many with commercialized technology from Sandia or Los Alamos, the expertise is local and the one-off production of a handful of very expensive instruments doesn't require the low labor costs. Players: Ethicon Endo-Surgery (medical instruments), MesoSystems (hand-held & stationary sensors for air quality, used by emergency and first responders), ZTech Instruments (science instruments), Ktech Corp. (specialty manufacturing and engineering, instruments)

Also **Optics** (Lumidigm, Inlight Solutions, Emcore)
And **Aviation** (if Eclipse resurrected here, Aeroparts Mfg & Repair, Aero Mechanical Industries, and many more)

PROF & BUS SERVICES - A MIXED BAG

PROFESSIONAL & BUSINESS SERVICES EMPLOYMENT ANNUAL GROWTH, NEW MEXICO AND US



UNM Bureau of Business and Economic Research

Source: Global Insight, Feb 09; FOR-UNM, Jan 09 Pessim

PROFESSIONAL & BUSINESS SERVICES INCLUDES TEMPORARY EMPLOYMENT AGENCIES BUT ALSO SCIENTISTS & ENGINEERS DOING R&D. . .

Average Employment, Professional & Business Service Industries

	2005	2006	2007	2008 3Q
Professional & Technical Services	43,703	51,224	56,471	57,410 ↑
Administrative & Support Services *	43,104	45,067	45,788	45,205
Waste Management & Remediation	2,840	2,958	3,111	3,301 ↑
Management of Companies & Enterprises	5,555	5,918	5,780	5,389 ↓
Professional & Business Services	95,201	105,166	111,150	111,305

* Includes temporary employment services and companies that provide office admin services for other businesses

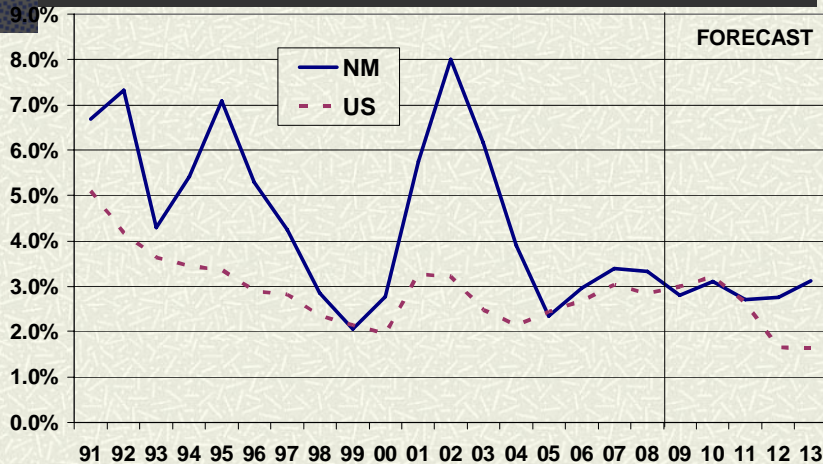
Source: NM Dept of Workforce Solutions, Quarterly Census of Employment and Wages

FUTURE JOB OPPORTUNITIES FOR PROFESSIONAL & BUSINESS SERVICES

- Major new employer Fidelity Investments is opening an HR center at Mesa del Sol to handle HR functions for major businesses all over the US. Fidelity is paying \$40,000 plus for highly-skilled employees.
- Future of national labs uncertain as Obama Administration considers putting under DOD and reducing nuclear weapons programs.
- Emphasis on alternative energy and green jobs could mean more jobs for architects and engineers and for research and development (R&D).

LEADING THE PACK BUT NOT UNAFFECTED

HEALTH CARE AND SOCIAL ASSISTANCE EMPLOYMENT ANNUAL GROWTH, NEW MEXICO AND US



Source: Global Insight, Feb 09, FOR-UNM, Jan 09 pessim

UNM Bureau of Business and Economic Research

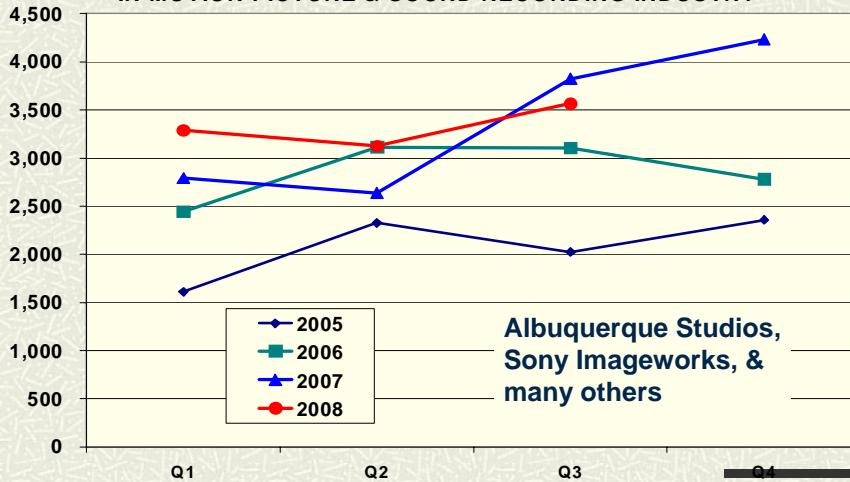
SCHIP TO EXPAND; ARRA MORE MONEY FOR MEDICAID; OBAMA BUDGET SETS ASSIDE \$634 BILLION FOR HEALTH CARE REFORM

Health care reform is on everyone's agenda. If were to move toward universal coverage, the Massachusetts experience indicates there would be a surge in demand for primary care. And this would mean more jobs for . . .

- primary care physicians (family practice, internal medicine, pediatricians). However since financing from Medicaid likely, needs will be met by more
 - nurse practitioners
 - physician assistants
- medical assistants (highest occupation for offices)
- nurses
- receptionists
- billing and posting clerks, machine operators

OPPORTUNITIES IN THE FILM INDUSTRY, PRODUCTION AND POST-PRODUCTION

NM WAGE & SALARY EMPLOYMENT IN MOTION PICTURE & SOUND RECORDING INDUSTRY



ECONOMIC OUTLOOK FOR NEW MEXICO

The New Mexico job growth has been declining since the first quarter of 2006, when employment growth y-o-y was 3.2% and is now negative. Reflecting the same currents that have sent the US and global economy into a deep recession of undetermined length, the NM economy is expected to be experience at least 6 quarters of employment declines before recovering in 2010. Growth has slowed in all the MSAs but most markedly in Albuquerque, which is now experiencing y-o-y declines in employment.

Contributing to the slowdown have been manufacturing, construction, particularly the housing sector although non-residential activity is also off, and mining, where job growth should be negative in 2009.

Health care services currently leads in terms of job growth, with strong performance also by local government (tribal: casinos and associated). There are clouds over both industries, however.

Major new employers include Fidelity Investments (HR services), Hewlett Packard (technical support), & Schott (solar equipment mfg), all building new facilities in the Albuquerque MSA.

UNM Bureau of Business and Economic Research

**FINDING A JOB TODAY DIFFICULT BUT
THERE ARE AREAS OF OPPORTUNITY.**

“Opportunity favors the prepared mind.”

Best to have the educational foundation and the core skills needed not simply for college or vocational training but to become a life-long learner and agile in an ever-changing job market.
